

INSIDE: THE RAGE TO RENOVATE

Maclean's

NOVEMBER 2, 1987

CANADA'S WEEKLY NEWSMAGAZINE

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LIVING WITH THE CRASH



THE FORTUNES
WON AND LOST

HOW CANADIANS
ARE WEATHERING
THE HURRICANE

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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

NOVEMBER 2, 1981, VOL. 100 NO. 46

COVER

Living with the crash

From yuppie stockholders to worried pensioners, Canadians begin dealing with the great market crash of 1981 last week—with an array of unfamiliar terms. Politicians and bankers tried to stem the wave of price selling and never an account collapse. And critics—including those in the brokerage houses—called for reform and restraint. —Page 46



Vander Zalm's bold plan
One year after his election victory, British Columbia's Premier William Vander Zalm announced sweeping plan to privatize many government agencies. —Page 46



The rise of idealism
With its fifth album, the Irish group U2 has shot from cult status to pop music's stratosphere. One critic calls it the greatest rock 'n' roll band in the world. —Page 62



Failure in Moscow
It was a decidedly dismal week for U.S. President Ronald Reagan. But the failure of nuclear missile talks in Moscow proved to be the low点 of all. —Page 39



The home renovation rage
Enduring snow, dirt and disorder, Canadians are spending billions of dollars improving their homes, with help from experts like Halifax's John Gutfreund. —Page 42

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The need for courage

Last week's historic stock market crash was, in essence, a drama revealing the most basic human emotion—fear and fear It was caused by an unprecedented run-up of stock prices reminiscent of the Roaring 1920s. And the sudden, staggering end to the greatest bull market ever seen naturally led to grim predictions of a new Depression. Those forecasts will prove to be wrong unless governments repeat the mistakes made by President Herbert Hoover after the Great Crash of 1929.

and turning a paper collapse into a real one. Many sophisticated investors get out of the market a year ago while legions of young investors were just entering. The loss of a quick lift seems overdone: equity—and the trillions of dollars lost last week were the cost. Now, only governments acting proactively to keep their economies from crashing are needed to avert a disaster.

Business Editor Patricia Best, who supervised Marion's coverage of the historic crash, said that behind the scenes people were very nervous. While Seattle Times D'Arry French reported the main cover story, Contributing Editor Ann Shattell sat with news breakers as they watched the share price tumble. Said Shattell: "They were living on nervous energy." They will probably use a lot more of that nervous energy in the weeks to come.

Mississippi November 2, 1966

Deacon, Doug C. Occupied
Foothills and Oval Creekside Villages, Novato, Marin Co., California. Author of "The Mystery of the San Geronimo Valley," 1928.
1928-1935 - 1935-1936, a retired and passed
Hedman Studies Library, Modern Teacher Publishing, 1777
Treasurer, San Fran. 142, San Fran. Author after 1936 in Wisconsin.
Resident 1936-1940, Milwaukee, Wis., 500 11th Street.
Resident 1940-1945, Milwaukee, Wis., 1000 N. 4th Street.
Resident 1945-1950, Milwaukee, Wis., 1000 N. 4th Street.
Resident 1950-1955, Milwaukee, Wis., 1000 N. 4th Street.
Resident 1955-1960, Milwaukee, Wis., 1000 N. 4th Street.
Resident 1960-1965, Milwaukee, Wis., 1000 N. 4th Street.
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Resident 2000-2005, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2005-2010, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2010-2015, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2015-2020, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2020-2025, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2025-2030, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2030-2035, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2035-2040, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2040-2045, Milwaukee, Wis., 1000 N. 4th Street.
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Resident 2050-2055, Milwaukee, Wis., 1000 N. 4th Street.
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Resident 2080-2085, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2085-2090, Milwaukee, Wis., 1000 N. 4th Street.
Resident 2090-2095, Milwaukee, Wis., 1000 N. 4th Street.
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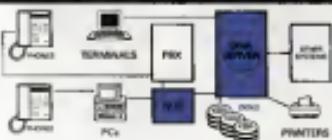
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The Canada Cup tonic

It is unbelievable that MacLean's would dedicate only one page of its magazine to the coverage of Team Canada's insatiable win over the Soviets ("Team Canada's greatest show on ice," Sports, Sept. 28). It seems to me that this event, although not as dramatic as the 1972 series, served as a great tonic for uniting Canadians and providing for what truly Canadian traditions and pride. Canadians deserve to be proud of themselves, and MacLean's should never hesitate to promote this.

—KAREN HALL,
Hall, Que.

Down in the boondocks

I am not a Canadian who bagged Garth Drabinsky's success ("King of the silver screen," Cover, Sept. 26). I am even annoyed that his corporate workers organized the tribute to him during the Montreal World Film Festival. But I ask Drabinsky why Complex



Drabinsky: exhibition power

could have been denied all the positive and legitimate understandings by many devoted and engaged spectators throughout Canada. The struggle within the Canadian diving com-

plex has not used its exhibition power to deliver quality films to Canadians in the boondocks. In my community, Complex Media took over two theatres (four screens). Yet we wait in vain for good films while American fodder, often poorly attended, plays on and on. Not even *The Devil's Advocate* has played here. What is a film fan to do? I except that Complex Media continues to venture outside major centres. —JOANNE MCGILL,
St. Catharines, Ont.

Responsible treasure-hunting

While I was pleased to see your timely coverage of some of the issues surrounding the controversial recovery of underwater artifacts ("Diving for dollars," Special Report, Aug. 16), I feel that more emphasis

should have been placed on the positive and legitimate understandings by many devoted and engaged spectators throughout Canada. The struggle within the Canadian diving com- munity to promote the conservation of our underwater heritage resources—which, incidentally, include significant prehistoric or aboriginal deposits, as well as shipwrecks—has succeeded in integrating many sport divers with important underwater research. Indeed, a number of significant projects have been carried out entirely through the initiative and dedication of divers with little or no academic training, but who have nonetheless applied high academic standards of research to their work. Archaeological projects, by gleaming over these achievements, you risk leaving the impression that the only choice divers have is to treasure-hunt, when in fact there is a more responsible alternative: to experience the excitement and wonder of exploration by participating in legitimate projects through their provincial or territorial underwater archaeological associations.

—N. ALEXANDER EASTON,
Archaeological Projects Director,
Palau Underwater Survey Association,
Whitby, Ont.

Letters are off-print and may be edited. Writers should supply name, address and telephone number. Mail correspondence to Letters to the Editor, MacLean's Magazine, MacLean Hunter Bldg., 777 Bay St., Toronto, Ont. M5C 1A2.

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DATELINE: ANNAPOLIS ROYAL, N.S.

Voices against the tide

The unpretentious, grey concrete building sits beside a causeway near the mouth of Nova Scotia's Annapolis River. But the Annapolis Tidal Power Plant, the first of its kind in North America, is the focus of a stunning controversy. Late last August, the Nova Scotia provincial government selected the plant, carrying plans that said: "Close the dam, save the clams." The diggers claim that the

and oceans (1990), expected late this fall, said Carter Edwards, president of the Basin Clam Diggers Association. "If Annapolis finds between the power plant and declining clam landings, we will seek a court injunction to have the plant closed."

Until recently, the clam fishery in the basin had been an important, but low-profile industry. It employed hundreds of diggers, home-based shack-



Digging for clams: erosion, sedimentation and slowly changing catches

plant is generating silt, which is destroying the clam beds of the Annapolis Basin. Baseline analyst William, who has dug for clams in the basin for 40 years, "had come down from the plant is smothering the clams. Our industry is being wiped out."

Operated by Nova Scotia Power Corp. (NSPC), the experimental single-turbine plant is a showpiece for the provincial government—and a critical part of the plan to develop tidal power projects that generate electricity from the surging tides of the Bay of Fundy. The rush of the outgoing tide turns a turbine below the plant which in turn can generate a peak output of 20 megawatts of electricity. But there have been complaints about the plant ever since it started up two years ago. In addition to charges that clam beds have been harmed, many landowners up stream claim that raised river levels are causing increased erosion and flooding. All parties are now awaiting the preliminary results of a study by the federal department of fisheries

—who remove the clams from their shells—and workers at small processing plants. Now, however, the number of clams has sharply decreased. As a result, Edwards said, 250 jobs have been lost.

According to NSPC studies, the area's share of the provincial clam catch has declined from 69 per cent in 1980 to 38 per cent in 1986. "Five years ago one may have brought in 300 lbs of clams dug at one low tide," said Edwards, whose association represents many of the area's 380 clam diggers. "Today he would be lucky to bring in a couple of bushels."

Edwards charges that his industry, which is unregulated, has been given a low priority by the government. For one thing, he claims that the Basin Clam Diggers Association has been requesting licensing for four years. "We are just now sitting down with government officials with the hope of developing a management plan," he said. And he estimates that over the past few years incomes from the seasonal fishery have de-

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closed by more than 50 per cent to an average of only \$5,000 per person annually, even though prices have increased dramatically.

SDRC managers deny that the plant is responsible for the deterioration of the river grounds. Sad spokesman, Mariano MacDonald, "There is no evidence whatever in the operation of the plant to claim decline." Indeed, two biologists say that eel catches in the area were steadily declining even before the plant became operational. Studies initiated by the federal government and SDRC in the spring of 1990 may help to settle the debate. In their examination of sedimentation and the alleged effect of eels, scientists have instituted ground surveys of the river on the tidal flats. "We have found no place where eel is more abundant and eels are abundant than is the past year," declared river biologist David Stewart. He adds that although sedimentation can kill eels, it is not yet clear whether the problem in the Annapolis Basin can be attributed to the plant. Preliminary appraisals, he said, indicate "that there is not enough energy in the estuary alone to transport sediment material into the basin basin."

Indeed, it is not clear whether water levels in the river have risen since the tidal power plant became operational. The causeway, built in the early 1960s, has since raised the level immediately upstream to be maintained at two to eight feet above sea level. Now, according to the SDRC, the level is kept at six feet above sea level. Still, landowners maintain that erosion has increased—and the SDRC has offered to compensate most of the 200 landowners along the river. And it has settled with some of them, among them David Weber, whose house suffered a cracked foundation and shifted toward the river as a result of erosion.

But some local landowners—as well as the claim diggers—say that their complaints are still not taken seriously enough by appropriate federal and provincial government agencies. Michael Rock, for one, who owns the Annapolis River Campground, 21 km upstream from the plant, claims that he has lost five acres of riverbank because of erosion. But, said Rock, repeated calls to government agencies brought no results, and his lawyer has only now been able to initiate settlement negotiations with the SDRC. Sad Rock, a former U.S. citizen, "I gave up my American citizenship to become Canadian. If I had known I would be treated this way, I would definitely think again." Added Edwards, "It is a sad situation when the government is in a reactive."

—DANIEL BOLT in Annapolis Royal

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A lingering horror

With its caving, treelined streets, historic inns and thatched-roof cottages, the quiet market town of Hungerford was an emblem of traditional English life. But on the afternoon of Aug. 13, a 27-year-old gun collector, Michael Ryan, shot and killed a young mother who was picnicking in nearby Pewsey Woods, then with his two small children, brandished in combat fatigues and armed with a pistol, a semi-automatic Kalashnikov assault rifle and a carbine rifle. Ryan then launched a five-hour killing rampage that did not end until, surrounded by police in a local school, he killed himself. By then 16 people were dead—including Ryan's own mother—and 34 others were wounded. Now, two months after the tragedy, Hungerford still bears visible reminders of the worst mass shooting in modern British history. And many of the town's 5,000 inhabitants are still struggling to come to terms with the five hours that destroyed the idyll of their little town.

Chartered as a town in the 14th century, the Berkshire centre had become a

popular weekend retreat for many people from London, 100 km to the west they came to browse in the many antique shops or sit in the nearby River Thames, one of Britain's most famous trout streams. Now, however, many of the waters are drawn not by Hungerford's serenely aged old-world charm but

Many Hungerford residents are still trying to come to terms with the worst mass shooting in modern British history

by the haunting memory of the recent violence. For their part, many residents decline to discuss their ordeal in public. Some admit that they have now afraid to talk about it. Others have suffered psychological problems. But most say that the experience has actually drawn the community closer together.

The physical scars of Ryan's rampage

are evident in many places. His mother's red-brick house, which Ryan set ablaze at the height of the carnage, has now been razed by the district council. The clock tower of the 18th-century town hall on High Street is draped in a huge red and white banner calling for donations to the Hungerford Tragedy Appeal, a fund set up to help those who were wounded and relatives of those who died. So far more than \$8 million has been collected, with donations arriving from as far away as Canada and Australia. Meanwhile, in a cemetery on a grassy hillside just north of the town, tiny wooden crosses and flowers mark the graves of many of Ryan's victims.

Local residents' reluctance to talk about the violence is a result of what many perceive as the sensitivity of the leaders of Britain and foreign journalists who poured into Hungerford to report on the grief-stricken community. There were even rumors that some Fleet Street reporters had ordered many to young children in order to encourage them into talking about the tragedy. "A lot of people were dreadfully upset by the way the media came in," said Anthony Stacey, 68.

Stacey, a retired social worker from the Hungerford Family Help Unit, a clinic set up by the local government immediately after the crisis to offer advice and counseling. So for about 300



The Ryan house immediately after the rampage: a stronger sense of community

survivors have approached the clinic for help in coming to terms with the tragedy, Stacey said. Many of them have suffered symptoms ranging from insomnia to loss of appetite and frequent headaches. A few people, mostly elderly, are now afraid to leave their homes alone, Stacey added. "We are not very good in this country at dealing with be-

haviorism. Too often people hide their emotions. We keep having to tell them that the best way to deal with their feelings is to get them out in the open."

At the same time, many longtime residents say that the tragedy has strengthened Hungerford's sense of community. John Newton, 48, who owns a tailoring on High Street, has lived in

the town since 1962. Over the years he has watched Hungerford undergo a steady transition—from a shrinking agricultural centre to a bedroom community for people who work in London. Said Newton: "People started to feel that we were getting too big and impersonal. This tragedy has shown that our community spirit is alive and well." Added housewife Sybille Whiting, 62: "I think it has become a more caring town. People are constantly stopping to ask each other if everything is all right. I suppose it won't last forever—but some good friendships have certainly been made."

Still, Whiting readily admits that she no longer feels complacent, and "I never dreamt that anything like this would happen in a town like Hungerford," she said. "I do feel a bit nervous now." But local officials said that they do not know of anyone who is planning to leave because of the massacre. "There are things when you wonder if you are ever going to forget what happened here," said one middle-aged woman. Seated in the living room of her two-story house only five doors away from where the Ryan family have lived, she added: "Some of our friends were killed, but what good would it do to run away? Ryan is gone forever and life must go on."

—RONALD LAWRENCE in Hungerford

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Raising hell in Texas

To most of the guests gathered on a Saturday evening last month at the Ranch near Buda, Tex., 40 km southwest of Austin, one of the few things more enjoyable than the barbecued buffalo meat was the Texas-brewed Shiner Beer. The ranch, with its wild deer and fragrant mesquite trees, provided a natural setting for a lively discussion of national politics. Just 100 km away took the hill country grave of former president Lyndon Johnson. And the relaxed get-together—held to enable local residents to meet Democratic congressional candidates—was a signal from Jim Hightower, who is a Green Democrat, that he intended to be a factor in politics for the time to the 1988 election and in winning Texas back from the Republicans.

Hightower's 85-a-plate supper drew a bushy diverse coalition of Democrats—local and their children—enriched with two declared candidates for the Democratic presidential nomination, Representative Richard Gephardt of Missouri and Illinois Senator Paul Simon. But the real star of the night

was Hightower. The rail-thin 44-year-old Texas agriculturist environmentalist has a strong reputation as an agricultural reformer. And the support of the self-styled "Tex-ana populists" will be critical to any candidate trying to win the Texas primary next March 8. Indeed, political analysts say that they expect Hightower to challenge Republican Senator Phil Gramm for one of the state's two U.S. Senate seats in 1986.

Hightower's independent energy may succeed in putting Texas back into the race for President Ronald Reagan in 1988 and 1992—but back to their Democratic roots. But it is his tireless advocacy on behalf of what he has called "our most productive people, the family farm operators." That has made him a favorite in the farm belt. Since 1982, 64,000 farms have gone out of business in Texas—



Hightower, who appears

17,000 in 1985-1986 alone—despite a recent nationwide recovery in the related and manufacturing sectors. Hightower blames the Reagan administration's neglect for the decline of the struggling small businessmen. "The Republicans say, 'Get yuppie, get happy, buy yourself a Chianti—and don't wave in next door,'" said Hightower, expanding on his campaign theme that the Reagan years have resulted in more benefits for the rich and fewer for the poor.

"It's not enough just to care about the greed of the few," he declared.

Hightower has transformed the once-inertive agriculture department into an innovative marketing agency. This year the department invested \$9 million to promote products including Texana blackbeans and beefsteaks, and Hightower learned his skills as a small-business advocate during his early years in Washington as an aide to former senator Ralph Yarbrough, another Texas senator. A political science graduate of North Texas State University, Hightower spent 10 years in Washington before returning home in 1977 to attack

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the state's corporate magnate as editor of the Austin-based *Texas Observer*. Two years later he narrowly lost his first bid for office. He's a seat on the Texas Railroad Commission, but was in a landslide as agriculture commissioner in 1982—and again in 1986.

Now Hightower is gearing up for 1990 and what may be his toughest fight yet: a Senate race. He must unseat Grasso, the high-profile coauthor of the broad-reaching 1985 Grasso-Hightower debt reduction bill. But supporters such as Sasse are backing Hightower. "We're looking forward to the day when you can eat him Senator," said a boozing Sasse. And the \$36,000 raised for Hightower at the barbecue will get his campaign off to a healthy start.

Hightower does have detractors, chiefly the heads of agricultural conglomerates. They are still complaining about the strict rules of Hightower's landmark pesticide guidelines regulating the use of chemicals harmful to farm workers, which is increasingly introduced into state regulations in 1985. "We lived up to what we said we would do," declared Abilene, Tex., mayor Rudy Villanueva. And Hightower has been praised as a shoo-in after the Herrera-Greggland front-burned the Save The Family Farm Act—currently before Congress as a possible replacement for Hightower's existing law, which must be replaced in 1990. Hightower claims that the Democrats will could signs taxpayer the enormous \$16 billion paid out under the current act last year in subsidies to farmers by raising the prices of grain to match production costs. Another \$16 billion, spent to buy and store extra grain, would also be saved, Hightower claims, by adapting surplus stocks.

But one Hightower's most important new challenges is to gain a Democrat on the White House. The conservative has not officially come out in support of one of the six declared would-be Democratic nominees. But to those in the Saturday crowd, his gift of a replica of his own straw cowboy hat to Sasse seemed to suggest that he favored the Illinois senator. Whatever the outcome, there is little doubt that the help that Hightower can give to a strong presidential candidate will pay off—perhaps even in his own Senate race. "If anybody can beat Grasso, it's Hightower," observed Ty Pain, a campaign organizer for Massachusetts governor and presidential hopeful Michael Dukakis. Added Pain: "Candidates who win in Texas raise hell. These redneck vote with their guts." Indeed, Hightower's straight talk may swing Texas the Democrats' way.

—PAUL SWEENEY in Austin

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And with such a direct and carefully sealed airflow, Panasonic Vacuums can use more efficient, lighter and quieter motors. Which of course means you get a lighter, quieter vacuum. In fact, what you get from Panasonic is a better vacuum cleaner.

So after you've collected your thoughts on all of this, in

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out a vacuum that does the job collecting everything else.

The Triple Filter System collects the dirt and dust from the air as it passes through the vacuum.



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Q&A: PRINCE SAUD

From a closed kingdom

As Saudi Arabia's minister of foreign affairs, Prince Saud al-Faisal al-Saud has travelled extensively and enjoys good rapport with many world leaders. A graduate of Princeton University, where he earned a B.A. in economics and political science, Prince Saud, 45, previously held the post of deputy minister for foreign affairs in his country's ministry of petroleum and mineral wealth. Saudi, who has been foreign minister since 1975, is a nephew of King Faisal and a son of the

country. The danger [in the Gulf] emanates from the threat of Iran—not only to shipping but to its neighboring countries. This is what creates instability and uncertainty in the region, and this is a threat that has to be dealt with. It is not the form of government in Iraq that is the threat, it is the actions that Iraq is undertaking in the Gulf and with its neighbors that is threatening stability.

Mickens' Show: Saudi Arabia's only a neutral status?

Saud: We are not part of the conflict. We are a very part of terminating the conflicts. We do not want a settlement in which the interests of one side are sacrificed for the interests of the other. We want the war to end, not because we support Iraq but because we want peace in the region, and we believe peace can only be established if the interests of both Iraq and Iran are maintained. In fact, our full support for Resolution 398 by the United Nations—which called for an immediate ceasefire and for Iraq and Iran to help implement mediation efforts—emanates from the perception that the resolution reflects and takes into account the interests of both belligerents.

Mickens' Show: Do you see any hope in the peace plan with regard to the U.S. and Iraq?

Saud: The signals from Iran are not very encouraging. Everybody hoped that it would accept the resolution, but I now think that the responsibility is on the shoulders of the United Nations Security Council. Resolution 398 includes all the elements that are for the interests of Iraq as much as they are for the interests of Iran. The Security Council must resolve to try to implement the resolution even if this leads to sanctions against the country that refuses to implement it. This is part of the Charter that is accepted by both antagonists. If the U.S. carries its responsibility, I think there are good prospects for seeing at least the beginning of the end to this conflict.

Mickens' Show: Is there a solid-walled Arab front against the Iranian invasion of the west Arab monarch on Nov. 27?

Saud: I think there will be a solid Arab front. We hope that it will not be over

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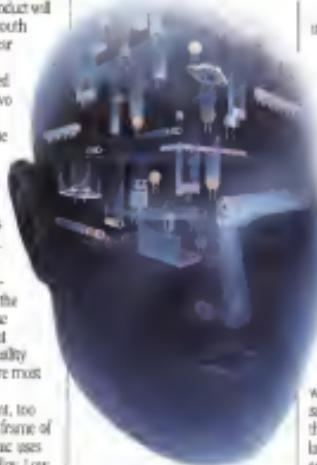
Some things may look good. And feel good. But if it's not well engineered, a product will leave a bad taste in your mouth. Or an ugly noise in your ear.

That's why last year Panasonic and its associated companies invested over two billion dollars in research and development. To create precision-engineered products that work better, and last longer.

Engineered components

Many electronic products today are assembled entirely from other manufacturers' parts. That's not the way at Panasonic. To make sure that every component meets our standards of quality we design and manufacture most of them ourselves.

Materials are important, too. Rigidity is essential in the frame of a VCR; that's why Panasonic uses die-cast aluminum zinc alloy. Low friction helps tape deck parts operate better; that's why Panasonic uses Teflon. Precious metals resist corrosion longer in switch contacts; that's why Panasonic uses gold.



Engineered assembly

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tion techniques and machinery couldn't hope to achieve them, consistently. So we design and build our own production lines.

Today, Panasonic is a world leader in automated production. Not to cut costs, but to raise quality. "Control production," say Panasonic engineers, "and you control quality."

Engineered design

To make Panasonic products work better and last longer our engineers have to be inventive, creating new ideas and new techniques. As a result our 22 Research and Development centres have been awarded over 60,000 patents. Each new idea is a step towards better sound, crisper pictures and tastier food.

Works better for longer

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You'd see long-lasting microprocessors in place of mechanical switches and linkages.

The microprocessors are part of the Auto Logic system, which allows you to control the machine by touching a single key. Auto Logic makes the machine easier to use, and by eliminating parts that could wear, makes it easier to use for longer.

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VOX, for example. Some answering machines cut off the caller after a tone set by the manufacturer. Panasonic



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engineers thank you should be making that decision. Voice activation, or VOX, turns off the recorder when the caller stops speaking or hangs up. That's good engineering. And good manners.

Also, some interesting developments in remote control. Most Panasonic answering machines allow you to pick up your messages from a remote location. But

that's just the beginning. From any push button tone phone anywhere in the world, you can also erase some messages, keep others, change your outgoing message, even listen to what's going on in the room!

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Iran. We hope that by then the Iranian position would have evolved into an acceptance of the peace treaty and an agreement to stop its threat against the other Arab countries of the region. Should that not happen, I am sure that the summit will face its responsibility in this regard. We expect to see a united Arab decision taken.

MacLean's: There have been reports that your country has given money to the Nicaraguan cause or America's "regional" allies? Are you doing the Americans' dirty work?

Sadat: We denied that, of course. It re-

ated an unfortunate situation, but when something like that is published without substantiation, what can you do? All that we can do is deny it. But unfortunately people continue to say and publish things that are substantiated; that is a fact of life. We stand by our denial.

MacLean's: Domestic pressure has forced President Ronald Reagan to ban the sale of some high tech weapons to Saudi Arabia. Is that a humiliation in light of your close relations with the United States?

Sadat: I would not agree with the de-

scription of humiliation. A relationship between independent countries is based on how far both countries want to go, not on just how far one country wants to go. We do have military requirements for self-defense. If the United States is willing to respond to them, that is well and fine. They are not going to respond to them, that of course depends on the machinery of U.S. decision-making. And we do not see any humiliation in that—no more than in the Canadian relationship with the United States if everything that Canada wants from the United States is not responded to. That is not humiliation to Canada—it is more of a relationship between independent countries. We cannot ask the United States to respond to something that we want, and if it does not then the only option is to respond to everything that they want, because they want it.

MacLean's: What will result from your trip to Canada?

Sadat: This is a process of dissemination. We signed an agreement for economic co-operation between our two countries that will provide a framework for the development of economic activity, not just in trade but in areas such as training, education, and other economic spheres. Those include investment and partnership in joint ventures. We have developed a good framework for that type of co-operation. The value of that was recognized by the business community and by both governments. I think the future will lead to very solid co-operation between our two countries.

MacLean's: On August 15, 12 Canadian flight attendants were arrested in your country because they consumed alcohol at a party. Do incidents like that damage relations between our two countries?

Sadat: These are unfortunate incidents. I do not think that they are having lasting influence on relations. We have a large Canadian community in Egypt, and one incident like that is indeed a rare occasion and will not influence relations.

MacLean's: Why does Saudi Arabia not possess a space industry? Is the world?

Sadat: Society in Saudi Arabia is developing extremely and openly. We pass a lot of streets—not only the government, but the people—on the culture that will get us through the immense development that we are undergoing. I would describe our society as a cohesive society rather than a closed society. It may not be the same as a Western society. Social cohesion is an important necessity not only for economic but also for political development. This is why I think we are developing in the right path, and that goes to also the optimism that whatever tensions arise in the development process, this will be done within the glue of a cohesive society.

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FOLLOW-UP

Lottery for a new life

Not a gambler by nature, David Cause says he knew that the odds against him were huge. But when he learned last December that under a new U.S. law 10,000 visas would be issued on a lottery basis to applicants from 38 countries including Canada, he decided to send a letter to the appropriate Washington, D.C., box number between January 25 and 27. "My lawyer kept telling me it was a waste of time," says the 58-year-old Torontonian. But last March an astonished Cause received a visa application from the immigration office; his letter had been selected from among 600,000 received. "I was confused at first; they didn't send you a 'wants, welcoming letter,'" says Cause, who married a Harvard University—where he is doing graduate work in politics and economics—after obtaining his visa earlier this month. "But it means that after graduating I can work in the United States."

Cause shared the luck of the draw with 3,000 other Canadians who were selected at random in the second lottery. The nonpreference visas—known as green cards—permit foreigners to work in the United States if they have enough savings or a solid job prospect. The continue lottery was an attempt to redress past discrimination—presently only people with U.S. family connections or skills in short supply were given preferred entry, and no nonpreference visas had been issued since the late 1970s. "We weren't prepared for the level of interest," says Barbara Moore, spokeswoman for the U.S. consulate in Toronto, of the estimated 75,000 Canadians who applied. "The phones rang nonstop."

Many applicants refused to publicly discuss their reasons for wanting to move to the United States. But according to one person who lost the lottery and asked to remain anonymous, "It seemed like an open door—I was miserable in my job and could have had a new start." For his part, Cause declared, "Canada has its good points—it is more peaceful—but the quality of intellectual and political life is far superior in the United States." Meanwhile, in his view, Cause and other winners will have the opportunity to become U.S. citizens. Said Cause: "It's going to be a tough decision."

—JULIA BENNETT in Toronto

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COLUMN

Cashing in on ill-gotten gains

By Diane Francis

Luis Pinto was a valued customer of the Royal Bank of Canada's affiliate in Colombia, a prominent businessman and elected member of that country's Senate. But Pinto was arrested by the RBC in 1983 for his role in a massive scheme to launder profits from cocaine smuggled into the United States. While co-operating with U.S. officials, he confessed a great deal about his operations—including the fact he had stashed away some \$725,000 in the Royal Bank's safe branch in Montreal under the name of his Spanish in-laws. Canadian drug enforcement officials fought the Royal Bank in court over the money, under similar provisions in the Criminal Code that allow the proceeds of crime to be recovered. But the attempt to seize the funds was disallowed in 1985, underlining the fact that current Canadian laws are inadequate when it comes to combating the world's drug trade. "We couldn't use any process to acquire possession, and money was transferred back to Spain," Chief Superintendent of RCMP drug operations, Bill Macdonald, told Maclean's.

Pinto was sentenced in August, 1985, in a motor court in St. Petersburg, Fla., by local Cuban Justice. He was given the harshest example yet of the futility of the laws, when it comes to drug prostitution: they rarely get his money. Instead, the Pinto story clearly showed the inability of Canadian authorities to seize bank accounts, even though under the Criminal Code Section 363 it is illegal to "possess the proceeds of crime knowingly." The Royal Bank's lawyers argued that bank deposits were not tangible assets but rather the bank's right to the deposits. The courts ruled against the Montreal, and the funds stayed in the bank. Meanwhile, Pinto had been paroled and fined in the United States, and the U.S. treasury department tried to collect the fees by filing suit in Canada against Pinto's in-laws, in whose names the money was still held. After Pinto's death in 1988, and U.S. treasury officials acted out of court, leaving Canadian officials out in the cold.

In the United States, draconian anti-money-laundering laws and strict banking regulations, members of organized crime in Canada, the Pinto case was one of the influences on Bill C-41, a proposal designed to crack down on embezzled money and the drug trade by allowing our police to seize any proceeds derived from

crime introduced by Justice Minister Ray Hnatyuk last May. The bill received second reading from Parliament on Sept. 14, 1987. Now it is to be studied by a legislative committee of the House of Commons, where opposition will probably be mounted from civil rights organizations, defence lawyers and perhaps some bankers on the grounds that it is potentially dangerous because it may allow civil and economic rights.

They are wrong. The law is not only long overdue, but it does not go far enough toward helping trace, freeze and seize illegally derived money on deposit in Canadian financial institutions.

The hacking to all of this is the fact that the RCMP and police worldwide have been fighting a losing battle against the world's largest and most lucrative "business"—drug trafficking. A 1985 congressional committee estimated that sales in the United States alone are a staggering \$127 billion a year, equivalent to the gross domestic product of Canada.

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trade or from fraud, prostitution, murder, robbery or extortion. It gives police more powers to investigate financial activity or to freeze assets until sources of revenue are identified. It will also make it possible for police to obtain highly confidential tax records from Revenue Canada, under strict controls, if such information is needed in a drug probe.

Civil rights watchdogs worry about such sweeping powers, but these fears are misguided because the bill requires police to first get permission from a court—the traditional safeguard against overzealous policemen. Others say that courts should not have that much power. But every day courts only fail to serve persons and on occasion these same that are in digits in a lawful and legitimate is exceeded. Such powers are the heart of our justice system.

Finally, C-41 does not go far enough. It should require banks, other financial institutions, accountants and lawyers to keep records of all large transactions and to report all suspicious transactions. In the United States, records must be kept of any transaction of \$10,000 (U.S.) or more, leading to a \$10,000 fine for law enforcement officials trying to track down illegal gains. Such reporting requirements were considered for C-41, but unfortunately Canada's powerful banking lobby beat them off, arguing that such measures were the expensive and impractical.

At the same time, Bill C-41 gives police immunity from civil litigation should they report transactions, but unfortunately leaves the decision up to the individual—a naive proposal considering that often bank employees, lawyers and accountants could be accomplices in money-laundering schemes. But Justice Minister Hnatyuk has told the House of Commons that he has been assured by the country's financial institutions that they will co-operate by voluntarily reporting suspicious transactions.

There can be no compromise when it comes to the drug trade. Society must choose, and in the case of an individual's right to financial privacy does not outweigh the most efficient on society by illegal drugs. Banks and others should report all large suspicious transactions. They may also use the option of reporting to the police, or to the government, a small price to pay to purge the Pinto from our system. An association with professionals who must report child abuse suspicion, money laundering must be forced to help combat drug trafficking.





Vander Zalm and wife, Lillian, dancing at convention's 1990s costume party: looking his boldest and most risqué step

CANADA

Vander Zalm's bold plans

When William Vander Zalm was running for premier of British Columbia last year, he revealed few specific plans. Instead, the charismatic Netherlands-born politician won voters with a broad smile and governing generalities. For a province battered by economic troubles and bitter political confrontation, the prospect of calmer times was clearly appealing. Vander Zalm routed the opposition New Democrats, taking 45 seats to the NDP's 32. But last week, as he marked the first anniversary of his election, Vander Zalm was anything but vague. Addressing his Social Credit party's annual convention in Vancouver, he announced details of a sweeping plan to restructure the government and privatize many government services. The privatization measures, Vander Zalm said,

had a firm purpose: "To create an economic environment like nowhere else in Canada, to tell the world there is a place where free enterprise is being given real meaning."

Indeed, Vander Zalm is moving boldly to put his strong conservative views into practice. Last spring, despite an election promise to cool political discourse, he took on the province's powerful labor movement by introducing a series of radical labor law reforms. Now, Vander Zalm has turned his attention to reshaping government. Bowed by deficits as an attempt to alleviate disastrous financials, his restructuring plans are a huge political gamble that could permanently alter the way the province is governed. Said Toronto Morley, political scientist at the University of Victoria: "Vander Zalm's first year has been like a roller coaster. On the one hand, he still has that sunny, cheery

personality that attracts people. On the other hand, there is real disquiet about his fanaticism vis-à-vis this province."

Vander Zalm's style of governing is unique. Always a populist, he frequently holds so-called "town hall" meetings in condominiums and community centres, sitting on a stool holding a megaphone and fielding questions from the audience. He also hosts a monthly open-line radio show called *Provost Talk*. Said Tomasz Pawlak, one of the 1,200 Socialists who widely applauded Vander Zalm's speech at last week's convention: "I think he's fantastic! It's just great the way he's moving ahead with the future in British Columbia. He's a great, great premier."

The 55-year-old millionaire entrepreneur also has found time to make a *Death Christian* full record and to star in a movie called *Sisterless Angels*, filmed partly in Holland. Based on

Vander Zalm's Mr. the film tells the story of a poor immigrant who moves to Canada and makes his fortune.

For most of the year the hardworking Vander Zalm lives in Victoria, while his wife, Lillian, stays in suburban Vancouver and visits the family's 160-acre sheep farm, *Fantasy Valley* World. The premier returns to Vancouver twice a week, on average, to spend time with his family at the park where they have an apartment. Although the family is close, they are often forced to be apart because of the premier's heavy schedule. Said his daughter, Jessica, 28: "I see him maybe 10 to 15 minutes a week, tops. Where he is and what he's doing, I find out by watching the news."

Critics say that Vander Zalm's folksy style hides an instinct for one-man rule. The premier, they say, has established a presidential-style administration that concentrates power in his office. Since taking power, his staff has increased more than twofold—from 12 to 35. But Vander Zalm's officials say that the increase in the size of the staff was justified. Federal-provincial relations, formerly handled by a separate minister, now come under the premier's office. And Vander Zalm has more and more appointments to his government. The premier's direct advance to permanent secretary status, for example, has been a setback in cabinet surgery. Last week, Vander Zalm's chief of staff, David P. Fung, quit his post, along with Finance Minister Paul Gaudet. Vander Zalm has chosen his new chief of staff, changing his mind, to decide whether to give the government's cash-starved hospitals a special grant of \$50 million. To cover the cost, the premier said that he would have to renege on a promise to lower the provincial sales tax to five per cent from six per cent.

Deputy ministers report directly to the premier, over the heads of ministers, and the premier vets any government contract worth more than \$500.

Opposition members complain that they first learn government policy after it has been announced in the media and that Vander Zalm's short-form brief statements are often wildly at odds with what his ministers have said. Declared Alan Twigg, author of the 1986 book *Vander Zalm: From Transport to Premier*: "Nothing he does surprises me. This is nothing a narrow-minded, egocentric person that he doesn't know to people much."

Vander Zalm's tendency to make off-the-cuff announcements has also landed him in hot water. Before a cabinet meeting last week, Vander Zalm announced that the government planned to pay the \$22-million debt of the B.C. Lions, Vancouver's Canadian Football League team. The announcement angered health officials and hospital ad-



Vander Zalm: *Morenow* (below) rethinking government

toes. Said one Leader Michael Harcourt: "It's going to mean less services for more money." But in his speech to Social supporters, Vander Zalm's audience gave him standing ovations.

Impressed by British Press Minister Margaret Thatcher's privatization campaign, which has raised \$11 billion since 1979 through the sale of government-owned enterprises, Vander Zalm set up a committee last August to study all government ministries, agencies and companies headed by Intergovernmental Relations Minister Stephen Rogers. It made a list of \$10 billion in government assets that might be privatized.

In the end, Vander Zalm decided on a more modest program. In Phase 1 of the two-part program announced last week, two Crown corporations and 11 government services worth an estimated \$3 billion will be sold to the private sector. The sell-off will affect 7,200 civil servants and save the government \$50 million in operating costs on 1990-1991. Vander

Zalm and Rogers on the black include the divestiture of BC Hydro in Vancouver alone, more than 700 sick children are waiting for treatment because a \$27-million deficit has snarled a backlog in elective surgery. The premier's office says the province's cash-strapped hospitals have a special grant of \$50 million. To cover the cost, the premier said that he would have to renege on a promise to lower the provincial sales tax to five per cent from six per cent.

The premier's plan to restructure the government are almost as controver-



sious. Officials say that Vander Zalm's plan to decentralize the government could have even wider effects than privatization. Under the proposals, announced in September, a variety of government offices would be moved from the capital, Victoria, and be relocated in communities throughout the province. British Columbia would be carved up into eight regions, each overseen by a senior minister and a parliamentary secretary who would co-ordinate economic development and decide which government services should be located in the region. Officials say that the plan will bring government closer to the people it serves.

Quick-to-announce the decentralization critics argued that it would create a costly, duplicate bureaucracy and would spread thousands of civil servants in Victoria, hurting the capital's economy. There were also fears that, rather than giving local governments more autonomy, the changes would end with Vander Zalm and his eight senior ministers running the province. Opponents charged that local cities who traditionally look after re-

plains interests would be cut out of decision-making. Said NDP menterie before critic Bobbie Blinow: "As in feudal days, when you had lords of the manor, this lesser squire will be all-powerful if it's a chance power."

But many citizens of small towns welcomed the plan. Hoping, finally, to have a government say in economic planning for the community, they demanded that the Queen would speed up the government's painfully slow democratic process. Said Georges (Toyl) Stasikoff, mayor of Ferme du Lac, southeastern British Columbia: "It sounds good to say, 'Obviously, the closer government is to that, the better.'

The heat never so far for Under-Secretary is that, since he assumed office, the shaggy H.C. sounding has slowly picked up. According to the B.C. Central Credit Union, the province will receive a growth rate of 3 per cent in 1987. The forest industry, the province's biggest earner, has emerged from the doldrums in spite of a new 15-per-cent surtax on softwood lumber. Although the unemployment rate still hovers around 11.6 per cent, retail sales are expected to climb by 10 per cent this year. Still, economists are uncertain whether Under-Secretary can claim credit for the improvement. Said Richard Allen, the credit union's chief economist: "Put it this way: he has had a negative impact on the economy."

Under-Secretary has been a strong supporter of Prime Minister Brian Mulroney's two main initiatives: the Meech Lake constitutional accord and the free trade deal with the United States. But away from First Ministers' meetings, Under-Secretary is quiet in his support. Although not backslapping has been a popular political sport since the days of former Quebec premier W.A.C. Bennett in the 1950s and 1960s, Under-Secretary has raised it to a new height. Shortly after coming to office he called each ministry to propose a list of grievances against Ottawa. Last month he threatened to pull British Columbia out of national dairy marketing boards unless the province's production quota was increased. Said Under-Secretary: "We've not getting a fair shake on Confederation."

With his privatization and government decentralization programs, Under-Secretary has taken his bold step yet—and his most risky. Considered the prime minister last week: "We are going where there is no path, and we're blazing a trail." But Under-Secretary's willingness to push ahead shows his determination to implement his conservative agenda. The politico who once boasted to talk about where he wanted to go now has a very wild road map.

—JANE O'HARA in Vancouver



The Queen in Rivière-du-Loup, greeted by a reserved politeness.

Quebec's quiet welcome

With his hectic schedule of state dinners, ceremonial openings and staged walkabouts, Queen Elizabeth II's three-day visit to Quebec last week had all the normal trappings of a royal tour. Only the heavy police presence indicated the rarity of the occasion. Except for the press, few in Quebec or the rest of Canada were aware of the Queen's visit. Although not backslapping has been a popular political sport since the days of former Quebec premier W.A.C. Bennett in the 1950s and 1960s, Under-Secretary has raised it to a new height. Shortly after coming to office he called each ministry to propose a list of grievances against Ottawa. Last month he threatened to pull British Columbia out of national dairy marketing boards unless the province's production quota was increased. Said Under-Secretary: "We've not getting a fair shake on Confederation."

In fact, the only astirring of the quiet week that the Queen granted the Meech Lake constitutional accord, which was yet to be ratified by Parliament and the provincial legislatures. At a banquet on Oct. 22 in the restaurant of the provincial legislature in Quebec City—hosted by Premier Robert Bourassa and boycotted by opposition Party Québecois Leader Pierre-Marc Johnson—the Queen departed from her usual practice of not commenting on current political matters. The result, the said in remarks delivered

almost entirely in English, French, showed that, "Canada's political leaders have contributed to achieving harmony through diversity." The text of her banquet toast was prepared by officials of the Quebec government, which strongly supports the accord.

The Queen arrived in Quebec on Oct. 9 to participate in the Commonwealth leaders' summit meeting in Vancouver. On her next stop, Sudbury, Ontario, where she visited Sault Ste. Marie, Timmins, Sudbury, and the Donbass village of Temagami, she was enthusiastically received by cheering crowds. By contrast, in Quebec, most of the ceremonial functions the Queen and Prince Philip attended were quiet affairs. But in Rivière-du-Loup, 200 km north of Quebec City, many of the 3,000 people broke into a lively chorus of "Gens du Pays." The song is best known as the unofficial Quebec nationalist anthem, but it is also widely used to express fond welcome toward friends, and it was sung in a friendly spirit.

But for the most part, organizations considered last week's visit successful by its very uneventfulness. Said Pierre Bourgault, a sometime nationalist leader who organized the 1964 protest: "Our problems are with the English in Quebec who still refuse to speak French, not with the Queen. She simply comes for a short visit, speaks French while she's here and then goes back to England."

—BRUCE WALLACE in Montreal

Judgment in hard-cover

The warning was prophetic. During Brian Mulroney's successful 1984 campaign for the Conservative leadership, his convention manager, John Thompson, wrote his boss a memo explaining why some Tories were reluctant to vote for him. Said Thompson bluntly: "They don't want you." Now four years later, a spate of political books has focused new attention on

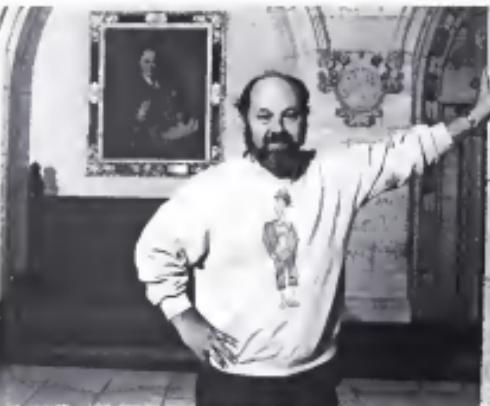
and around St. Bonnet Drive. But they's blows are probably the most damaging—not because he reveals new scandals but because he chronicles the defensive ones in such a damning way.

Friends in High Places was first published only before it rolled off the presses of Toronto's Key Porter Books. Hoy claims that one of Mulroney's closest friends, Toronto lawyer Samuel

White Gretton has nothing but praise for Mla Mulroney, Susan Blay, of Toronto's *Citizen* editorial writer, offers a more level assessment in her book, *Political Wives: The Lives of the Spouses of Prime Ministers*. The Lives of the Spouses of Prime Ministers, wife of the former Trudeau, is laudatory. Mla Mulroney to Linda Mason, wife of the former Phillips, presented, Riley's chapter on her, entitled "Improving your way to the top," is a hagiography of the Prime Minister's wife. "There is a strange sympathy about Mla that I find somewhat sympathetic," Riley writes. "She doesn't have the grace to be embarrassed when her enemies are exposed. She is kind, she is just, she is just irritated."

The Mulroneys fare better in John Sommerville's *The Pandemic Government, Business and the Lobbyists*—mainly because Sommerville devotes more attention to Liberal Leader John Turner and his disastrous 1984 election campaign. Still, in retelling the fall of Robert Coates, the Tory defence minister who resigned in February 1985, after a visit to a West German strip club, Sommerville portrays Mulroney as a man more concerned with politics than principle. News of that most recent Mulroney through Danson Edwards, Coates' policy adviser at the time. According to Sommerville, the Prime Minister directed most of his wrath at Edwards, not Coates. Mulroney accused Edwards of "ideological and malfeasance and branded him as enemy of the government," Sommerville writes. Mulroney even ordered Walter McLaren, then secretary of state, "to keep clear of Edwards," although the two were close friends.

Such accounts will continue to dog Mulroney as, one by one, the books appear in time for the Christmas market. Some seem tame, including Deputy Prime Minister Don Macdonald's, are openly fighting talk. In a speech in September, Macdonald attacked the "ever-growing garbage heap of immorality, snarls and lies" that he said had been directed at the government. Hoy, meanwhile, is delighted with the than over his book: "I am bombing along," he said, "influencing people and winning friends." Clearly, these friends are not in the Prime Minister's inner circle.



Key in High Places' author, John Sommerville, in his study.

Mulroney's persistent usage problems. Among them is a 217-page work by Clive Hoy, the service-oriented Sovac Co. executive. Hoy takes direct aim at the character flaws and policy misadventures that have prompted the Prime Minister's enemies to label him "Lewy Brian." And although Hoy concedes that Mulroney could still regain public favor, "the fact that failure is even considered a possibility," he writes, "is a definite sign that the rot may be terminal."

Hoy's negative portrait, *Friends in High Places: Politics and Patronage in the Mulroney Government*, is one of four books appearing this fall that paint the Prime Minister's picture. By veteran Ottawa journalists, they are the first serious hard-cover analyses of Mulroney and his government since the Conservative 1984 election victory. Collectively, they paint a picture of incompetent and mean-spirited people in

Wickham, complained about the book to the publishers. And Key Porter deleted certain passages—including one concerning Mulroney's allegedly boastful behavior at a friend's wedding reception—but because Prime Minister—after Mulroney had signed off on Hoy's version of events. But other gossipy details, from the minister to the embarrassing, remain. They range from Mla Mulroney's dress size—a 16—to an incident in the 1980s in which Hoy says that Mulroney once told the date of David Peterson, now Ontario premier, when both men were bachelors.

Michael Gratton, Mulroney's former press secretary, is more evenhanded in his account of the Prime Minister's first year in office, entitled *So What Are the Boys Doing?* (Macmillan, \$28, 1987). Nevertheless, Gratton paints a picture of a man obsessed with media coverage and surrounded by apoplectic, inept advisers.

—PAUL GERRARD in Ottawa

A Tory who refuses to toe the line

For almost a year the tensions between Conservative MP Fernand Jourdeau and the Mulroney government had mounted. A rookie member for La Prairie, Que., southwest of Montreal, Jourdeau is a self-styled "fighter." In recent months he had argued the firing of a top bureaucrat, and had challenged government proposals to toughen the immigration and refugee system as "unfair." Then, in September, he called for an inquiry after Mita Mulroney, the Prime Minister's wife, was allegedly involved in the inappropriate request of a French citizen who teaches her children at an Ottawa private school. With that, his fellow Tories had had enough. Three weeks ago they voted Jourdeau out of his post as chairman of the House of Commons committee on labor, employment and immigration—and Tory MP René Lévesque challenged him to quit the Conservative caucus entirely. Jourdeau's new avails a phone call from Brian Mulroney to decide his political future. Said Jourdeau: "He's my boss. Only he can fire me."



Jourdeau double about the Mulroney government's willingness to tolerate criticism from within

Whatever his fate, Jourdeau's troubles with his party raised doubts about the government's willingness to tolerate criticism from within. Three years ago Parliament adopted government-supported reforms designed to loosen rigid party discipline—particularly for backbenchers, government MPs who do not sit in cabinet. MPs on both sides of the House of Commons backed the changes, which included committee budgets for research assistance and greater independence for the 20 standing Commons committees that review government affairs. But Jourdeau's removal as chairman of the immigration committee, charged with House Leader Nelson Iris, has prompted "severe questioning of the government's commitment to parliamentary reform."

Jourdeau, a 34-year-old businessman, left his committee chairmanship on Oct. 7 when the other six Conservatives on the 13-member committee—four of them appointed only weeks earlier by the government—voted against him at a caucus meeting. Jourdeau

promptly branded the Tories "parties" of the party. And since Mr. Raymond Stéphane charged that the government put the new Tories on the committee in "an orchestrated move to squelch free speech."

In fact, the government has tolerated wide criticism of its policies by Commons committees and, on occasion, has

opted when the government calls an end to a session of Parliament, party whips can now change committee members only once a year, in September, rather than twice a year—a giving more greater security to their committee roles. And for the first time, committees have money to hire research staff—about \$180,000 for the finance panel this year.



even changed proposals in response. One example: in the aftermath of the collapse of the Canadian Centennial and Northland banks in 1985, the government accepted about half of the finance committee's 123 recommendations—rejecting key elements of government policy—in the reform of financial institutions. And chairman Donald Blackburn, Tory MP for Mississauga South, said that the committee expects to table a report on mid-November urging extensive changes to Finance Minister Michael Wilson's proposed budget for tax reform.

Other committees, and other reports, have not fared so well. In mid-October Justice Minister Ray Shaitanya rejected all but 10 of 208 unanimous recommendations by an all-party committee for reform of Canada's access-to-information laws. The government also rejected a part of the finance committee's report that called for limits on awarding of large financial institutions.

Still, the reforms have undeniably given committees greater freedom. In-

cluding a budget of \$550,000 for cross-country hearings into tax reform—and the right to travel to Canada without seeking special permission from the House.

As for Jourdeau, several MPs said that his problem was less his outspokenness than his penchant for personalizing his attacks—particularly his repeated calls for the firing of Gaston Lassonde, the powerful deputy minister of employment and immigration, because of the way the department is run. Jourdeau himself was unapologetic: "Yes, I have shaken the cages of some powerful people," said the former insurance salesman and chess shop owner. "But who runs the country?" The bureaucrats or the parliamentarians? "By week's end, Jourdeau had not yet heard from Mulroney—and said that he would decide this week whether to stay in the Conservative party. "Who knows?" he added. "Maybe I'll go back to selling chess."

MARY CLARK in Ottawa

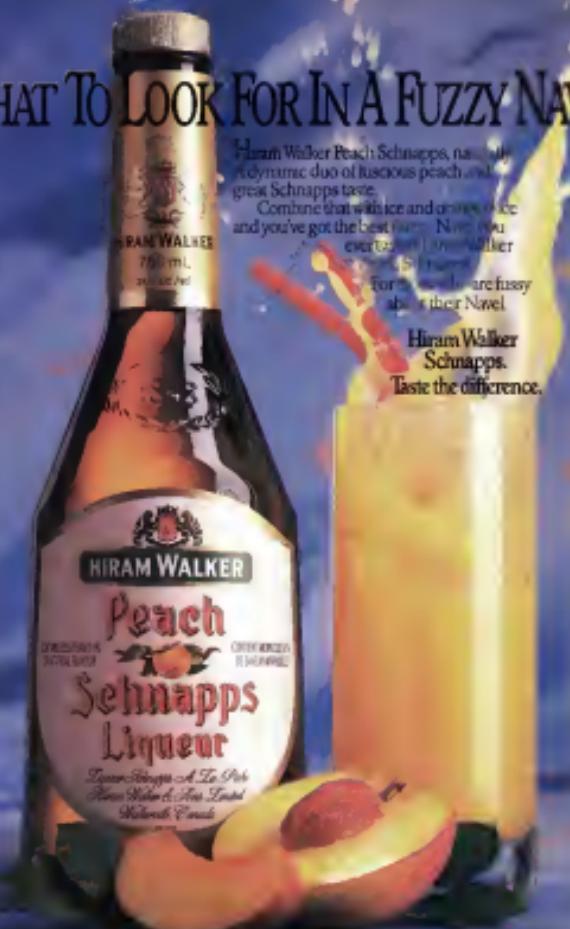
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Failure in Moscow

Gripping and waving for the cameras, helter-skelter over a helicopter engine, emerging cheerfully at a news conference that was the Ronald Reagan the world saw last week, an old trooper still going through the motions that have typified his amazingly effective power as president. But these steady days are long past. With only 14 months left in office and the Iran-contra imbroglio hanging heavily around his neck, the 70-year-old Reagan, apparently out of political magic, stumbled through a decidedly dismal week. On Monday the New York stock market plunged an astounding 580 points, the worst day in history, and when Reagan tried to offer reassurance, world markets simply took another slide (page 30). In the Persian Gulf, reeling through an Iranian missile attack on a U.S.-registered tanker, American warships launched an ineffectual Iranian missile—and succeeded in provoking another attack by Tehran (page 26). And in a bitter blow at week's end, the U.S. Senate, by a vote of 58 to 42, rejected Reagan's nomination of Judge Robert Bork as a Supreme Court justice.

But the underdog one of all came from Moscow. On Friday afternoon U.S. Secretary of State George Shultz, after two days of meetings with Soviet officials, told a news conference that the superpowers had failed to reach a final agreement on an accord abolishing both sides' medium- and shorter-range missiles. Not only did they set a date for a Washington summit between Reagan and Soviet leader Mikhail Gorbachev at which such a deal could be signed. The compromise following a much-calculated agreement-in-principle in September, was striking reminiscent of the outcome of the Reagan-Gorbachev summit one year ago in Reykjavik. Once again, U.S. officials, after being openly optimistic, appeared wholly prepared for the stinging rebuff. And once again, the chief stumbling block was Reagan's controversial *star* project, the Strategic Defense Initiative (SDI), the space-based missile system known as Star Wars.



Reagan, wife, Nancy (below), one bit of good news in a decidedly dismal week

At week's end, the exact details of the latest debate remained as shrewdly as Moscow itself, which was enigmas in its own right in 1987. But one point was painfully clear: the steadfast anti-Communist Reagan had been forced to back to the Kremlin, of all places, for a success that might save him from becoming the butt of lame-duck—

assure him a peacemaker's place in history. Gorbachev, obviously aware of Reagan's desire and his desperate political crisis, may have decided to press for more concessions. And Leonid Brezhnev, who had been forced to back to the Kremlin, of all places, for a success that might save him from becoming the butt of lame-duck—and

Certainly the Soviets



PHOTO BY AP/WIDEWORLD

made an abrupt reversal. After Belyaev they had appeared to drop their insistence on a link between Star Wars and any other missile deal, clearing the way for a separate peace under the so-called global double-cure option; that proposal calls for the elimination of all nuclear weapons with ranges of 300 to 4,000 miles in both Europe and Asia. The prospective treaty would be the first superpower arms accord in nearly

years...one that would presumably outlive his latest proposal. "I suppose the next thing that we'll do," Shultz said, "is keep checking the mailman and see if he brings a letter."

The battle lines over Star Wars are plainly drawn. While some scientists doubt that the Strategic program is technically feasible, Reagan reiterated last week that he believes it "can be perfected."

Once in place, he maintains,

planned last week's breakdown. State department officials in Washington insisted that the medium-range deal would almost surely be signed in the next few months. And External Affairs Minister Jim Clark, after being brieffied along with other NATO foreign ministers by Shultz in Brussels on Saturday, said that he thought an agreement on medium-range missiles could be reached within one to three weeks. Clark added that such a deal could be achieved without the United States modifying its position on SDI. A superpower summit, he said, had been "set back rather than set off."

The tough Soviet stance derived a palpable sense of U.S. weakness before the Moscow summit. "The new will make headlines in America," Shultz told reporters before leaving Helsinki, where he had met with arms control experts. "The only question is how much." When he descended the Moscow plane, closing suitcases and strapping down his travel bag, Shultz was so eager to keep his appointment with Foreign Minister Eduard Shevardnadze that he arranged for a special taxi to transport him, and his 130-member entourage through the cold Finnish night. Since 12:00 a.m. and 16 hours later, the U.S. party reached fogged-in Moscow and proceeded toward an official reception. There, in ornate baroque splendor, Shevardnadze assured to confirm U.S. hopes, telling Shultz that while difficult issues remained to be resolved, they "are not insurmountable when compared to the obstacles you had to overcome to get from Helsinki to Moscow."

Throughout Shultz's two days of meetings with Shevardnadze and Gorbachev, officials on both sides appeared markedly upbeat. Gorbachev himself said that he expected to attend a summit in Washington. And Reagan—whose one bit of good news last week was that his wife, Nancy, was recovering well from breast-cancer surgery—told a news conference in Washington that he was "optimistic" about the arms accord he hoped the Soviet leader will "have time to see a great deal of America." That included Reagan's upcoming vacation home in Santa Barbara, Calif.—"Let me have a carpet, a carpet, speech his holidays," the President said. It was a typical Reagan quip, the kind that once won him such widespread approval. But when negotiations stalled in Moscow the following day, dealing the administration yet another bruising embarrassment, Reagan's joke seemed further evidence that the President was out of touch, out of luck—and fast running out of time.



Shultz (left) with Shevardnadze, Gorbachev (right); in Moscow

a decade and the first ever to eliminate an entire class of nuclear weapons. However, technical issues remained to be worked out, and at week's end Shultz said that the two sides were still discussing over verification procedures. And according to U.S. expectations, Gorbachev had again find the limited areas where he planned to Star Wars.

Other experts, however, maintained that the Kremlin's intransigence may have sprung from internal pressures in the Soviet Union. Some Soviet hard-liners are wary of Gorbachev's plan to cut military spending and concentrate on modernizing the stagnated Soviet economy. And on the eve of Shultz's visit, a 30-member Central Committee held a sensitive plenum that may have decided to stiffen arms control policy.

Certainly the Soviets

it would be purely defensive, serving as a shield against strategic missiles. Soviet officials, however, say that an offensive SDI could be used offensively, giving Washington the ability to launch a first strike without fear of regional反击. The Soviets have stated the focus of their opposition lies elsewhere. SDI was to calling for adherence to the 1972 Anti-Ballistic Missile Treaty, which would delay any deployment. Washington has agreed on what Shultz has called the "concept" of a nonwithdrawal period. But Reagan has endorsed a liberal interpretation of the treaty that would allow for advanced testing of SDI, and Shultz acknowledged last week that the debate over the terms of the treaty "is probably the most important area of issue."

Some analysts down-



—BOB LEWIN with CATHERINE DODDON in Moscow, WILLIAM LOWTHROP in Washington and PETER LEWIN in Brussels



Indian soldiers with injured comrades- situations of rage, anger and helplessness- reflects from the air-

SRI LANKA

The long agony of a city under siege

The grim battle for the Sri Lankan rebel stronghold of Jaffna raged on last week, putting more than 20,000 Indian troops against an estimated 4,500 Tamil Tiger guerrillas. Despite early predictions that the city of 750,000 on the Jaffna peninsula, on the northern tip of the island, would quickly fall, Indian officials admitted after two full weeks of fighting that they controlled only a third of it. As house-to-house fighting continued, Madras' correspondent Eric Barber entered the war zone this report.

THE Indian and Sri Lankan authorities, allies in the all-out war to crush the Tamil Tigers, had ordered the battle lines closed to reporters. But we took back roads to avoid Indian Army checkpoints and their hazardous ferry ride across the Jaffna Lagoon. The northern Tigers had been driven out last September. And in a 20-hour tour of the outskirts of the beleaguered city—whose centre was sealed off by Indian troops—we saw and heard reports of widespread

"of her three children were killed," said Kanapewsky.

In the same ward of the hospital, located in a Tamil-controlled sector, were 20 wounded children. A brother and sister shared a single bed. The one-year-old boy had been shot in the left ankle. His nine-year-old sister had an upper chest wound from a shell or mortar fragment. Both had been wounded during heavy fighting at Kalkatti, a suburb on the eastern outskirts of Jaffna.

In the rebel-occupied village of Kizhavi, 16-year-old Arunachala Kamaswaran said that he had seen Indian soldiers sexually assault three local girls at Thangalur the previous day. He said that the soldiers forced a group of civilians together at gunpoint, then stripped the girls. The three boys observed, claiming that the girls were their sisters, they were shot dead. Kamaswaran claimed He said that he escaped with only a beating because he was younger than the other boys. He also said that there were no other bodies found.

and those of the three boys at the site, four of them young women who were naked. The Indians placed trees on top of the bodies and set fire to them, he said, and one Indian told him, "Even your women have taken part among us—already we have that five of them."

Indeed, young Tamil women—1,000 of them, according to a rebel spokesman—

man—are fighting alongside the Tigers. One of them, who called himself Bharata, was an attractive 22-year-old who wore his gleaming black hair in double braids and proudly displayed a cymbal-shaped capsule in a thumb tattooed on his neck. "We want to

"We want to be free citizens of a Tamil state," Dharsa said. "We are a subject race. My parents know I belong to the Tigers and approve. Even if I were to swallow the cyanide they would approve."

Everywhere we went, barefoot fighters of the Liberation Tigers of Tamil Eelam moved with ease among the civilian population, enjoying the obvious support of fellow Tamils like the civilians have had to pay a terrible price. *Asian Balance*

Brother and his
checked planner and tacti-
cian, told us that last Wednesday, the
day of our arrival, had seen the worst
lighting of the year, claiming the

ives of 200 civilians in and around the main city hospital and other strategically important buildings in the rebel-held city core. Balasingham also played a tape-recorded message which he said had just been brought to him by a rebel leader from the

Despite the carnage, the Th-

ers will not give in to the Indians, who are attempting to enforce a peace agreement aimed at ending two years of occasional strife between the island nation's Tamil majority and Sinhalese majority. Said Palatanchager: "We can still hold on. We have the weapons. If the Indians and the Sri Lankan government are bent on physically liquidating the

and lost all fighters, while more than 400 Indian soldiers and 600 civilian refugees had fled. At Maadi Hospital, the staff said that more than 80 wounded Tigers had been admitted. We saw 20 of them in one ward, their torsos naked in the heat, wearing the traditional Tamil sacerdotal sash. Two wounded Indians had their hands across the spaces between their heads and sang a quiet song. Anshifer, who gave his name as Rakkha, said that he had been shot two days earlier in house-to-house fighting in central Jaffna. He appeared to be semi-delirious as he recited, "There are no more Indians."

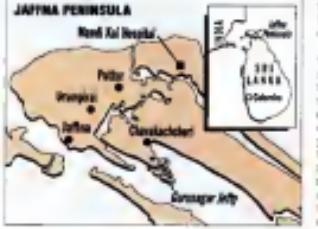
Getting out of the fortress of the fortresses of Oct. 22 proved to be more difficult than getting in. The only escape route was to retrace our steps and to leave by boat from the jetty at Garonne, 10 km from the centre of the city. Our van roared along the three-metre-wide road leading to the dock, weaving in and out of scores of refugees as they had the periodic urge to get off on foot. When we reached the passenger, with its five-kilometre-long road, we drove across it, anxiously scanned the sky for craft.

There was good cause for his scepticism—as I discovered when we reached the dock Ninety minutes before, Wittemann said, a Sri Lankan army helicopter gunship had machine-gunned a group of terrified civilians. A large bullet hole in the dry dock where Wittemann said, two people taking cover under a barge had been killed, and 46 others wounded.

The forty boatsmen had fled the scene, leaving a mass of refugees waiting for transportation. Along with about 30 refugees—mostly women and children—I clambered aboard an eight-oar boat. The rowed poles to push the boat across the lagoon to safety. In the near distance the explosions of mortar shells and the signals of automatic fire signaled that the songe of Jaffna continued unabated. □



With our new minister announced in the following, and I thank our new Comptroller



JAPNA PENINSULA



Government rebels: a 27-year-old former bar girl leads the way to Kampala

UGANDA

Alice's army on the march

She has been called a witch, a guerrilla and a savior. And last week Alice Lakwena, a 27-year-old former bar girl, was leading araging army of about 4,000 fanatical followers toward the Ugandan capital of Kampala in her quest to overthrow the government of President Yoweri Museveni. In the 10 months since the birth of her Holy Spirit Movement in the arid bush country more than 300 km north of the capital, Lakwena has become a legend. But few outside her cult have seen her, and last week the government newspaper *New Vision* published what it claimed was the first eyewitness description. "We saw a tall young woman dressed in a yellow blouse and a blue skirt carrying a handbag over one arm," the eye-witness reported. "She was guarded by two elderly women wearing very long sarongs (around their waists), and a friend of hers was a young boy with a pat on his head which made was fanning."

When Lakwena and her bizarre followers first began their march on the capital, they were widely dismissed as a joke. But last month the rebels attempted to cut vital trade routes between Uganda and neighboring Kenya, temporarily pinning down thousands of National Resistance Army (NRA) troops sent to put down the insurgency. And by last week, with soldiers deployed in strength on the Nile River at the town of Juba to stop her creating a strategic

bridge about 60 km east of Kampala, the woman whom some Ugandans call the black Joan of Arc had become a force to be reckoned with.

Motivated by a curious blend of misguided Christianity and witchcraft, Lakwena sends her warriors—mainly Acholi tribesmen from the north—into battle almost naked, their bodies glinting with scarification that they believe makes them beneficiaries of "spirit" boats—only a few 25-year-old automatic weapons, and most members are armed with sticks and stones and with what one eyewitness witnessed made of fragments of sticks, bones or honeycombs mixed with dung and herbs. The bundles are wrapped in strips of paper—sometimes pages torn from school grammar books—and passed at the enemy as if they were hand grenades. According to a rebel named John Obwonyo, who was interviewed by a *Maclean's* correspondent after being wounded in a battle near the eastern town of Tororo, Lakwena's magic turns those objects into hunting missiles and overrunning them that attack the NRA. Obwonyo claims that Lakwena's powerful magic failed him only because he accidentally disclosed

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Mythical challenge

gains have been blamed for thousands of deaths since the East African nation's independence from Britain 25 years ago—the mysterious Alice Lakwena is contributing a bizarre new chapter to the bloody history of Uganda.

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AIR CANADA

THE PERSIAN GULF

A direct hit in reply

When U.S. navy warships opened fire with 5-inch guns in the Persian Gulf last week, the repercussions were felt from Tokyo to Wall Street. The New York Stock Exchange was just about to open on Oct. 29 when four U.S. destroyers—retaliating for an earlier Iranian missile strike on a U.S.-registered tanker off Kuwait—opened a 1,000-round barrage to destroy an Iranian oil-share oil installation.

Iranian President Ali Khamenei immediately announced that his country would "definitely retaliate." And fears that the United States would be drawn even deeper into the seven-year-old Iran-Iraq war heightened the panic, affecting exchanges around the world (page 34). Indeed, as the 12th U.S. convoy of refugees (Kuwaiti oil tankers made its way matuously southward through the Gulf last week), the world watched anxiously to see when, and how, Iran would take its promised revenge. When it came, the Iranian response seemed to many observers to be—as U.S. Defense Secretary Caspar Weinberger said—what America had been "expecting."

Instead of making an attack on the heavily escorted convoy, which passed safely out of the Gulf late last week, the Iranian chose a target that did not seem calculated to invite further U.S. retaliation. That target was Kuwait's main Sea Island oil export terminal—on which an Iranian Silkworm missile scored a direct hit last Thursday. But although the Americans seemed prepared to consider this attack to be the end of the latest round of Gulf exchanges, the Arab response was more heated. Egyptian President Hosni Mubarak, for one, interrupted TV programs on Thursday afternoon with a pledge to "assume sister-Arab responsibilities toward brother Kuwait."

The U.S. attack on the Ruhollah oil installation took place just three days after Iran fired a Cessna-made Silkworm at the refugee Kuwaiti tanker Sea Isle City in Kuwaiti waters. In that

incident, 18 crew members were injured, including the tanker's American captain. The U.S. feels that retaliation gave the Iranian crew a 20-second warning to vacate their taken oil platforms. Then the four destroyers opened fire. Their barrage seemed to some experts to be far more than was necessary to destroy an insignificant



Kuwait's Sea Island terminal ablaze. They will see the score as even now and won't do anything.

target. "It was one of the most ludicrous exercises I have ever heard of," declared former U.S. air force colonel Sam Gardner, an analyst with Washington's Center for Defense Information, a military research group. Other analysts said that the strike had raised the stakes in the Gulf. Said Thomas McNamara, a Middle East scholar with the Brookings Institution, another Washington think-tank: "When we hit the oil platform we created a line. It was a change in the rules of engagement, and that scared us."

Still, Weinberger said that the attack was a "measured and appropriate" response. And although the Iranians had used the platforms as a base for graduate raids against neutral shipping in the Gulf, he added, "We consider this matter now closed." However, he declared, "we will be fully prepared to meet any escalation of military

action by Iran with stronger countermeasures."

Despite some reservations by individual members, Congress overwhelmingly endorsed the military action. As well, much of the Arab world in the region gave Clinton its blessing. The *Journal* Times summed up the prevalent attitude by describing the U.S. attack as "a limited but necessary response" to Iranian aggression. But the newspaper cautioned that it also increased prospects for a larger conflict in the Gulf.

Still, there were signs that both Iran and the United States were willing to avoid all-out war. "All the Americans are sensible," said one Western diplomat in the region. "They will see the score as even now and won't do anything." He added: "This lets the Iranians out of a corner. It was not an American thing. It was not an American anything." And indeed, while acknowledging the attack, officials in Washington ruled out any further retaliation. They added that the Silkworm strike was aimed at Kuwait—which—unlike its refugee oil tankers—is not under U.S. protection. But for Kuwait and other Arab countries that could face similar more unprovoked attacks from an emboldened Iran.

—ANDREW BILSKI with WILLIAM LOWTHROP in Washington and correspondents' reports

LIVING WITH THE CRASH

"It was the best of times, it was the worst of times."

—Charles Dickens, *A Tale of Two Cities*

For Alfred Poos, chief executive officer of Toronto-based Noranda Inc., a natural resources giant, it was unquestionably the worst of times. After last week's cataclysm on the world's major stock exchanges, Poos estimates that he had lost \$800,000 in his personal portfolio of Noranda common and preferred shares. But for John McDonald, a senior analyst with the Toronto brokerage firm Moss, Lawson & Co. Ltd., it was the best of times. As the stock markets rebounded from catastrophic falls earlier in the week, McDonald began buying on Tuesday and made a \$75,000 profit in 24 hours. While the憬ected Poos told *Maclean's*, "I feel a lot poorer," as stated McDonald said, "When you see these wild gyrations in the market, it's like waving a steak in front of a cow."

Above all, it was a week of extremes as stock markets around the world fluctuated wildly, spiking fears of an economic collapse or, at the least, a recession. At the centre of activity was the Dow Jones industrial index, the closely watched barometer of the New York Stock Exchange, which started the week by plunging an unprecedented

500 points to 1,759 on Oct. 18, which quickly became known as Black Monday. That represented a 3.86 per cent drop in share values, a staggering 10 per cent when compared to the 12.9 per cent that the New York exchange plunged in its previous record drop in the historic crash of Oct. 28, 1929. The Dow recovered significantly on Tuesday, and after a roller-coaster week it closed on Friday at 1,961, down 53 per cent from 2,426 a week earlier. But major stock markets elsewhere had taken their lead from New York and were into their own tailspins, wiping well over \$1 trillion from the value of shares worldwide on Monday and Tuesday alone.

Downward In the tidal wave of panic selling, Santa Monica, Calif.-based Wilshire Associates, a company that tracks the daily price changes of more than 5,000 American stocks, reported that share values in the United States alone plummeted \$600 billion (U.S.) on Monday. At the same time, the value of the shares listed on the Toronto Stock Exchange (TSX) plummeted a staggering \$85 billion. By Wednesday, speculators and bargain hunters scurried back into the markets to snap up stocks at discount prices and drive the indexes back up. But the TSX's 300 Corporate Index, its

equivalent of the Dow, dropped 14 per cent over the week to 1,860 points and, like major exchanges in Europe and Asia, was still heading downward at week's end.

Upward Many analysts had been predicting a drop in stock prices after a six-year surge that pushed the Dow and other leading indexes to new highs in August. Since then, prices had begun to dip, but the severity of last week's collapse caught most observers of guard. Many of them singled out bad U.S. trade figures and a new between Washington and Tokyo over a

multilateral German move to increase interest rates as specific causes of the panic (page 38). But even major institutions to cut back interest rates, and encouraging word from Washington and Friday that the U.S. economy was growing, failed to eliminate investors' jitters that had built up all week.

Reassurance Amid the pandemic war, political leaders around the world tried to reassure their citizens that the Western industrial economies were fundamentally strong.

Despite the reassuring statements from politicians and economists, even

After markets rallied on Wednesday, Beagan told reporters, "Certainly when more than half of the lets has already been registered, that sounds as if consumers have discovered the economy is still rather sound." And professional economists tried to dispel the notion that the stock market crash of October, 1987, was a repeat of the crash of October, 1929, which preceded the Great Depression of the 1930s.

Probably to no one's surprise, stock investors will move their money from stocks to bonds, bank accounts or other safe areas, said Booth, while nervous consumers will save rather than spend disproportionately income. Like many other analysts, he also predicted massive layoffs and financial losses within the securities industry. Said Booth: "We may even see a major move on Wall Street as a break."

And before the week was over, the first signs of a looming economic

THE PSYCHOLOGY OF STOCK BUYING

New York economist Ralph Elliott last fall has allusions to the 1929 stock market crash. But during the Great Depression that followed he used his own terrible loss to develop a unique theory to explain the dramatic drop in stock prices. The market, Elliott theorized, behaved like a living organism, moving up and down to what he called the "Rhythms and stages of human psychology." Last month Robert Prechter of Gainesville, Ga., a leading practitioner

of what has since become known as the "Elliott Wave" theory, advised his followers to sell their stocks. But even Prechter, who had been predicting the collapse of the New York Stock Exchange for months, failed to foresee the surprising of price declines that rolled through stock exchanges around the world last week. Indeed, he said that he was still expecting a minor downturn now, followed by a resurgence to unprecedented heights and then a

major crash in late 1988.

Prechter, 38, has built a multimillion-dollar business as a market guru, trading behavioral "waves" or "cycles" to interpret what will happen to stocks. The market, argues Prechter, is actually a weather-vane for human behavior. Indeed, he observed his clients to buy shares in the hours of anxiety, other things, like analysis of how the market's popular investor creeds could actually contribute to a surge of optimism on the stock exchange.

Other analysts look at trends in fashion, politics, sports and elsewhere to determine how the human emotions that produced them might also influence the

stock markets. One long-espoused theory suggests that there is a relationship between skin length and the stock market. When society is affluent and growth-oriented, skins are shorter. And bottoms were bared during the bull markets of the 1920s, the late 1950s, the 1960s and in the past year.

Some analysts relate investor attitudes to the primal psychological elements of greed and fear.



Robert Van Doren

Robert Van Doren, chief analyst of the Amardian brokerage firm Pierson Aldring Pierson, said last week that these instincts fueled the market's latest dive. "Greed created a lot of unfitted newsworthy to the market," said Van Doren. "And it was an ugly, fear-driven herd instinct that drove them out." And those fears, argue some analysts, often lead investors to ascribe human values to the mar-

ket. In fact, a senior official at the London Stock Exchange said last week that as the market plunged, it seemed to take an almost human dimension. "There were times when the index would move and you'd sense something was happening," he said. "People were just behaving as though it were a mechanical, machine-made thing." At the end of last week not even Ralph Elliott's followers could predict where the market would go next. But in Paris, some designers were showing longer skirt lengths for the 1988 spring season—a sign, some say, of tough times ahead.

—ANN SHORELL is a writer



Crowds gathering on Wall Street, a market collapse of unprecedented proportions on Black Monday

the top executives of some of Canada's biggest companies frankly admitted that they were bewildered by last week's events. "It's certainly a massacre," said Noranda's Poos. "What is it telling you?" Likewise, Peter Widdington, president and chief executive officer of London, Ont.-based John Labatt Ltd., the brewing and food processing giant, said, "It's such a screwy situation, who knows what's going on?"

Horror But other observers said that the reactions were perfectly clear: the disaster in the stock markets would inevitably have broad, perhaps severe, economic repercussions. Anthony Booth, editor of *The Stock Cycle*, a widely read Montreal-based investment forecasting publication, said that there will be "extensive" repercussions, at minimum it will be a recession, and it is "will probably be worse." Skittish investors will move their money from stocks to bonds, bank accounts or other safe areas, said Booth, while nervous consumers will save rather than spend disproportionately income. Like many other analysts, he also predicted massive layoffs and financial losses within the securities industry. Said Booth: "We may even see a major move on Wall Street as a break."

And before the week was over, the first signs of a looming economic

COVER

Prices were evident. On Oct. 20 French Finance Minister Edouard Balladur announced a delay in a \$32-billion issue of shares in a state-owned defence and electronics company, Etat Libre, many analysts predicted that the Thatcher government would be unable to proceed with the \$15.7-billion privatisation of British Petroleum PLC scheduled for this month. A senior executive with a Toronto-based holding firm said that 11 Canadian companies suspended public offerings with more than \$1 billion last week.

Frontage: Last week's chaos actually had its beginnings on the previous Friday, Oct. 20, when the treacherous Dow Jones average dropped a then-unprecedented 100.35 points. When the Tokyo Stock Exchange opened on Monday morning—late Sunday New York time—it was swamped with sell orders from Japanese investors who had been some increasingly nervous over the weekend about the U.S. exchange's performance. From there, fear and panic swept across trading floors as they opened in the trading rooms around the globe. In London, the Financial Times Stock Exchange, which at 500 shares fell 250 points on Monday, erased \$105 billion from the value of the stocks.

By the time the New York and Toronto exchanges opened on Monday, a tidal wave of sell orders had built up. "Listening to the radio as the day was to work Monday morning you already knew there was trouble," said a Toronto-based foreign currency trader with a major chartered bank. Still, the extent of that day's carnage surprised even seasoned stock exchange traders. "I felt like I wanted to die out there," said Scott Zeffert, a trader for Bungee Fry Ltd., after a day of frantically shouting sell orders on the Toronto Stock Exchange (TSX). "I just couldn't believe it. I got as low as 10 cents."

In all, a record 64 million shares traded hands on the TSX on Oct. 20, and the 300 Composite Index, the tsx's equivalent of the Dow, lost an unprecedented 407 points on Wall Street. It was worse. The New York Stock Exchange (NYSE), which normally trades about 170 million shares a day, handled 600 million on Black Monday. As a re-

sult, by mid-afternoon the computers that calculate the value and volume of shares traded were running almost two hours behind. The Dow Jones industrial average dropped 108.22 points, or 2.62 per cent.

But when the North American markets closed on Monday the wave of fear, frenzy and pure panic still had not run its course. On Tuesday morning, both Japanese and foreign television crews jammed the spectators' gallery in the Tokyo Stock Exchange to await the nine o'clock opening bell. When it rang, orders surged onto the floor, clogging tables of sell orders. But there were no buyers and no trades. Throughout the city, stunned brokers and investors stared at stock computer screens that continually carried stock valuations. By 10 a.m. there were still no bids for such blue-chip Japanese companies as Niss. Corp., Toyota Motor Corp. or Mitsubishi Electric Industries Ltd.

Poster: While the Tokyo market took its poundage, the Hong Kong Stock Exchange remained closed. Its Hong Kong index of leading shares had fallen a record 486 points, or 11 per cent, on Monday, and exchange chairman Ronald Li announced that trading would be suspended for the week. But industry officials endorsed the move, saying that it would damage the British colony's reputation as an Asian financial centre. "A good centre keeps its doors open even when it's losing," said Marc Paine, Hong Kong director of the investment firm Dresdner Bardsbasz Lambert. "This is a heavy cause."

The London

Nov. 3/82 1,066

New York's Dow Jones Industrial Average

Stock market, meanwhile, recorded the most active day in its 185-year history on Tuesday. In the first three minutes of trading, declining prices chopped \$709 billion from the value of all the stocks on the exchange. By the end of the day the market was down 132 per cent and investors had lost a total of \$3.8 billion. "We're trying to find the bottom of the market," said Trevor Laughlin, a senior investment analyst with

Kleinwort Benson Securities.

Then on the North American markets, complete pandemonium prevailed again on Tuesday. By the end of the day New York's Dow Index had rallied 102.27 points, or 1.98 per cent. But many analysts attributed the gain to stock buy-back programs launched by a number of blue-chip corporations such as New York-based Merrill Lynch & Co. Inc., one of the world's largest retail brokerage firms, and IBM Corp., the giant American steelmaker. And while the Dow was rising, the Montreal and Toronto indices fell again on Tuesday. And a wave of panic selling hit the Vancouver Stock Exchange, heavily an Asian market, pushing the VSE index down 228 points, or 14.6 per cent.

Hyattian: As the headlines and afterhours continued, the financial crash began to take on the macabre appeal of a huge natural disaster. On Tuesday afternoon, anxious onlookers, many of them noninvestors, packed the spectators' galleries at markets across North America while others stood in line outside. And on Wall Street, traders took advantage of the crowds, selling outside the stock exchange to sell savers, including purple buttons bearing the words, "Don't panic."

But for the invention, floor traders and brokers inside, it was bedlam.

"The whole thing is just insane," said Thomas

Burke, a eloquent broker with Gerasimoff Trust Co. in Montreal. And floor trader Thomas Milligan, a 33-year veteran of the markets, "I have been here through Eisenhower's heart attack and Kennedy's assassination and I have never seen anything like this." After the tsx closed on Tuesday, exhausted floor traders trudged silently out of the exchange in single file. Most simply glared at the pack of reporters looking for comment. One sighed in weary disbelief. "God, the carnage."

During Tuesday's trading, five U.S. stock-index options and futures mar-

kers, which specialize in future share prices, announced that they were closing for one hour because they could not get up-to-date quotes from the tsx. That statement unleashed a new wave of hysteria among Canadian brokers, who were already trying to cope with an avalanche of sell orders. "It was chaotic hell," said a senior executive at one Toronto firm who asked not to be identified. "People were screaming at each other." But when the options and futures markets closed, a brief lull in the panic, there was a brief lull on the company's trading floor as employees sat around and shaking like athletes after a hard game.

Collapses: European and other international exchanges were bailing out in a huge male and female savers of the tsx constantly appeared on the trading floor to monitor sales. But they could not stop the avalanche of selling. Prices were dropping so fast that they kept triggering automatic

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Aug. 25/87 2,722
All-time high

Friday, Oct. 16/87
Down 102 points
to 2,247

Friday,
Oct. 23/87
1,951

"BLACK MONDAY"
Oct. 19/87
Down 508 points to 1,739

floor traders persevered through the deluge of selling, at least two lone traders simply could not handle the wave of sell orders. Chisholm said that on Monday afternoon the NYSE market maker for one oil company can't afford to pay the 10 cents. He simply walked away. The following day, the market maker for Alcan Aluminum Ltd. did the same thing.

Still, even in the bleakest bear market, some canny investors saw golden opportunity. Toronto physician Mark Shulman, an astute investment manager, had built up cash reserves of \$20 million over the past two weeks by selling out while the market was still strong. But last week Shulman said that he began buying in again on the 18th at 3 p.m. Monday, while the market was crashing at a ferocious rate. Then on Tuesday morning he spent \$3 million on the tsx. And on Wednesday he added everything at what he said was a considerable profit as the markets were rising.

As bargain-hunters returned to the

Beginning of
bull market
Aug. 13/82 777

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As bargain-hunters returned to the

market, a second force fuelled the market rally—the so-called corporate buy-backs, in which companies buy their own stock. Between '86 and '89, 60 Canadian corporations announced buy-back plans last week, though most will have to wait at least 30 days for regulatory approval before proceeding—and can cancel the purchases in that time. Another 60 companies had previously been granted approval to acquire their own shares. And some were buying through subsidiaries or in U.S. markets where their stocks were listed. "I personally bought our stock yesterday," said Gerald Schwartz, president and chief executive officer of Toronto-based Onex Corp., a diversified management company. Onex shares were issued at \$9.68 apiece last spring but were trading at \$9 to \$11 last week. In the United States, at least 30 companies were acquired in buy-backs, said Lawrence Washburn, a vice-president of Prudential-Bache Securities Inc. of New York.

Bottom. Regardless of what happens next on the world's stock exchanges, most experts agreed that last week's crash and subsequent volatility ended one of the longest and steepest bull markets of this century. On Aug. 13, 1982, which is generally viewed as the starting date of the big upswing, the Dow Jones index closed at 738.93 points. As of Aug. 25 this year, the Dow hit an all-time high of 2,722.62 points. "At a minimum, you can say it's the end of the financial market," said market watcher Borch in the midst of last week's frenzy.

The sell-off and dramatic collapse in stock prices early last week raised the spectre of an economic collapse similar to the Great Depression of the 1930s. Political and business leaders around the world tried to dampen such fears. And almost everyone was relying on the same argument: the economic fundamentals remain strong. Inflation, under control, corporate profits are healthy, and the employment, while high, has levelled off. While Canada and U.S. interest rates have risen this year, both governments moved miffy last week to lower them. As well, both governments pumped money into their economies to enhance the financial system. But, these efforts could prove futile



Sherman: finding profits amid the losses in the falling stock markets

as a return to higher savings levels could slow consumer spending and hurt the economy.

Strong. Even if saving and spending habits remain the same, average investors are expected to abandon the stock markets in favour of safer investments following last week's turmoil. "It significantly undermined overall investor confidence in the stock market," observed Onex president Schwartz. In fact, some firms have already given up on stocks, buying up Canadian Savings Bonds, which were scheduled to go on sale on Oct. 25 with an attractive interest rate of nine per cent. One U.S. bank's ad was dominated by a picture of a bear's face and the message: "Chernobyl Bank. For people who are finding the market unbearable."

While an economic recession may still be possible, it appeared almost certain by week's end that the securities

industry is headed for a strong one. Toronto stockbrokers said that one-third of their colleagues were hired in the past three years. "There's an empty desk in here," he said, adding ominously, "but in these months there will be." Another broker said that the crash will tell the already-shaky market for new stock issues. In fact, three Canadian brokerage firms had purchased an extra \$96-million issue of common shares in Montreal-based Starlet Inc., a pulp and paper, packaging and chemicals company, just prior to the crash. But with the likelihood of finding any investors diminished on Black Monday, Borch let the brokers off the hook by cancelling the issue.

Lesson. In the United States, exchange officials were investigating computerized trading, which allows rapid purchases and sales based on price discrepancies in different markets. It's not clear how much impact it has on the marketplace," said Michael Stern, vice-president of options marketing at Toronto-based National Thomson Decem Inc.

As the week ended, thousands of investors were still evaluating their losses. And in some cases, the losses were gargantuan. By Friday the stock markets had stabilized with the leveling of both the volumes traded and price fluctuations. But the Wilshire Index, tracking the share prices of more than 3,000 U.S. companies, reported that American stocks ended the week an astronomical \$312 billion lower than they started. And some observers believed that treated losses lie ahead. "In my opinion, Monday's crash did a tremendous amount of damage that has not yet become apparent," said Steinthal. "Like many others, I predicted that consumers will already limit their spending and investment in earnest. That could mean a tough Christmas for retailers and perhaps a grim new year all round."

—DARCI JENNIFER with RIC DOLPHUS and RICHARD REED in Toronto, LARRY BLACK in New York, JOHN WILSON in London, and MICHAEL TAN in Hong Kong, and PETER MC CALL in Tokyo



Dority making the phone, a rapidly collapsing market and a desperate margin call against crashing losses

FRANTIC WEEK FOR A BROKER

For the brokers who trade on the world's stock markets, last week's unprecedented market crash was a nightmarish struggle to salvage whatever they could of their clients—and their own—former Onex broker David Dority, 39, who for the past seven years had worked for National Thomson Decem Inc. in Toronto. Like the hundreds of other stockbrokers across the country, Dority's livelihood depends on the exchanges and the press. He is just a commission in day and night, but at 39 he has a bright career ahead, prospects for clients whose investments ride on his judgment. During last week's frenzied trading, Dority spent most of his time hunched over his cluttered desk, a telephone pressed to his ear, shouting and shouting into it alternately frightened and endeared clients. Maclean's Correspondent Ann Shultz joined him as he tried to fight a rampant panic against the economic and geopolitical forces that the dramatic share-price plunge unleashed. Her report.

Monday. Dority was at least partly prepared for what was about to unfold. He had become increasingly apprehensive about the stock market ever since it started its slow descent in August. When he finished work at 7:45 he walked past local bars overflowing with shell-shocked stockbrokers. But Dority did not join them. Instead he "walked off stage" playing a game of squash. Later that evening, at his midtown Toronto home, he tried to relax over a beer while watching the financial news on television.

On Thursday, Oct. 16, he made up his mind to sell part of a \$50,000 stock portfolio under his control, and he recommended to his clients that they do the same. They had a lot riding on his advice: some had invested \$500,000 in the market and others, sophisticated long-term investors, built up to \$1 million in stocks. But he never too late. He was still unloading some of his own stock in the midst of Monday's wilder crash, and he watched helplessly as his clients got mauled.

After the markets closed at 4 p.m., a tired and hungry Dority ate a meal at his desk and then started talking to his clients. Over and over again he broke the terrible news that losses had been staggering. "You have to talk to everyone in this market," said Dority. "It is very hard to phone someone and tell them you've lost their money."

When he finished work at 7:45 he walked past local bars overflowing with shell-shocked stockbrokers. But Dority did not join them. Instead he "walked off stage" playing a game of squash. Later that evening, at his midtown Toronto home, he tried to relax over a beer while watching the financial news on television.

the day advanced, could not keep up with the volume of orders. By 3 p.m. the computer system was so clogged with orders that Derrity was unable to tell his clients whether anyone had bought their stocks.

In the end, he advised his clients to "just hang on to your cash and bear in mind that I am not a buyer in there today." He explained one client, "I am just trying to hold the line because me, when it looks like there's money to be made, I will contact you." Derrity had already placed 30 sell orders when a veteran investor phoned to place a buy order. He bluntly told his risk-taking customer, "Toronto is still getting hammered, the stocks have been cut in half." But just before the market closed, he bought some blue-chip stocks—including Rogers Communications Inc. and Alcan Aluminum Ltd.—for himself and some of his more experienced clients.

That evening Derrity joined other brokers for a beer, then returned home, where he told his wife, "I feel like I'm being punched out. I'm in the eighth round and I'm probably going to go down for the count any minute."

Wednesday: After a second restless night, Derrity arrived at work early to make sure that his sell orders for the stock purchases that he made Tuesday were ready to move. And when the market immediately opened higher than it had closed, he and his clients made an average of 15 cents on the dollar. Derrity said that he expected the better-known Dow Jones composite index (DJ) to rise 100 points during the day. But he continued to watch his clients' trading, and when he had a lot of calls this morning from "little guys" that want to buy stock," said Derrity, "I am amazed. The little guy could get scared into this market very easily."

But the "little guys" did not listen, and before trading had even begun, his order tray was full of buy-back orders. The Dow, which started the day four percentage points above its Tuesday close, quickly jumped another 27 points. But Derrity still waved his clients off, telling one caller, "If you want to be part

of the herd again, that is fine, but I would not be."

But as the pressure continued, Derrity admitted that he wondered whether he was losing his perspective. "I've got to get myself focused here," he said. "With I had more time to think, I just sat here writing orders all day—this is the problem." By afternoon, the harried broker said that he was so "terrified" by the rush of buying that

on the floor, the professionals, knew that this is just an opportunity for them to sell their positions. So the profession is selling it to the public." Still, the broker had not unloaded enough to make them happy, a broker called Derrity from New York and told him the mood on the floor of the exchange as it opened Tuesday was "crazed." Throughout the day, sellers outnumbered buyers. Said Derrity, "All of a sudden people have gone from thinking, 'Hey, this is a great opportunity,' to, 'Hep, maybe there really is something wrong."

Friday: The market began to fall as soon as it opened at 9:30 a.m. Derrity told a client that in the words to come there may be up and down, but "we are not going to be there that is over." And he said he was worried that the small investors would panic when this happened. "The little guy who bought into the market. Wednesday will probably sell as the market makes new lows." He told his clients, Nasdaq lost money during the week. Derrity said that besides Nasdaq, over trading losses for every dollar it earned in commission income. It was down one dollar on each extra costs as overtime and annual rated bid fees.

As the day came to a close, the calls from investors tapered off. "A lot of people are not calling," Derrity said. "They don't really want to face up to it. They would rather hide from it." But Derrity did not allow himself to avoid hard facts. He said that he was thinking about the new month that may be ahead. When the market closed at 2 p.m.—2½ hours early, to give brokers a chance to get caught up with the backlog of record-keeping—he headed for his cottage near the village of Southampton, 100 km northwest of Toronto. On his way out, he joked, "It's a nice little town...where I may be for ever after this." But then he quickly made it clear that he does not plan to leave the business, because, he said, there will be another bull market. It could take six months, or it could take two years. "But when we get to the 10th and 10th rounds," and the determined Derrity, "I am going to rally and win this thing."



Frantic at the TSX: The long-awaited market correction had finally hit.

he decided to refuse all buy orders.

Thursday: After a good night's sleep, Derrity was ready for another frantic day. At 9 a.m. he broke his hold of the previous day's rush to buy shares. But he bought from the broker's initial review of losses to passive investors—make a purchase. Launched one broker, "I probably did more unneeded buys yesterday than I've ever seen." But his manager quickly warned him that they could not have investors holding out of purchases as the market fell, leaving bad debts with Nasdaq. "Just make sure you've got their cash. No checks."

The sellers were the smart ones, Derrity said. "There are a lot of little guys who may perceive this as a way to make a fast buck on the way back up." The guys

on the floor, the professionals, knew that this is just an opportunity for them to sell their positions. So the profession is selling it to the public." Still, the broker had not unloaded enough to make them happy, a broker called Derrity from New York and told him the mood on the floor of the exchange as it opened Tuesday was "crazed." Throughout the day, sellers outnumbered buyers. Said Derrity, "All of a sudden people have gone from thinking, 'Hey, this is a great opportunity,' to, 'Hep, maybe there really is something wrong."

Wednesday: After a brief but sudden rise, bullion prices dipped slightly and then returned to previous levels. Gold-based stocks, in turn, wavered and then plunged. Peter Costa, president of Toronto's Cavell Capital Management Ltd., said that the crash was so severe that many investors had to sell gold. As a result, the price did not skyrocket.

"Billions of dollars of wealth were wiped out," he said. "In the securities market, people had to sell everything."

Still, despite that valuers cut prices, gold bullion remained its reputation as the last storehouse of value. Indeed, its price remained relatively steady despite the collapse in striking contrast, many gold stocks suffered the same rough-and-ready adjustment that hit the rest of the market because many were overvalued. The crash brought these share prices more in line with supply and demand.

The forces that drive up gold prices are both powerful and complicated. Patricia Mahr, senior economist with the Bank of Nova Scotia, said that when investors expect a period of inflation, they buy gold as a protection against gold price rises when inflation rises. Mahr said that prior to last week's stock market crash, investors expected moderate increases in inflation because the U.S. economy was strengthening and the trade deficit remained stubbornly high.

SOLID GOLD IN HARD TIMES



Gold bars at the Bank of Canada, gathering around a massive pile.

Many analysts said that prices also flagged because investor confidence momentarily failed. Julian Baldwin, senior mining analyst at Toronto's Scotia Inc., said that many investors concluded that Canada was on the brink of recession and they sold their stocks and their bullion. "If we enter a major recession, you do not want gold," he said.

Thursday: These recession fears faded. On Wednesday, Oct. 25, the market rallied. Bullion prices remained steady while the value of the TSX's gold and silver companies rose 14.8 per cent. When the market launched downward again at week's end, gold prices rose to \$443.40 U.S. (\$662.14 Can.) in New York on Friday, slightly above its previous level. Gold-based shares, in turn, dropped just over three per cent on Thursday and one per cent on Friday—an investor responded that the stocks were overvalued.

Many analysts predicted continued but moderate inflation—and thus moderate price increases to \$450 to at least \$460 U.S. in 1988. But the future of gold prices is not clear.

David Jones, a gold analyst with Barbados' Greenbaums of Canada Ltd. in Winnipeg, noted that most gold companies are "very, very healthy"—and that their average cost of production of about \$263 per ounce remains below the current selling price. In contrast, Cavell noted that many gold stocks have tripled in value since 1985—and that previous share prices were unusually high when compared with earnings. But Cavell also predicted that gold stock prices will increase slowly as bullion prices rise—because of inflation. "What I do feel strongly is that the investor is everything, including gold," he boldly declared. Cavell said, "He has had an experience that he will not forget for years to come."

—MARK JANSEN in Toronto



Reagan, after the crash, with advisers: the German action prompted U.S. accusations of breaking the peso pact

A WORLD CALLED TO ACCOUNT

Ever since a landmark September, 1980, meeting of the world's top political leaders have depended on a loose policy of cooperation to solve the trade and debt problems wrecking the global economy. Since then, the United States, Germany, Japan, Britain, France, Italy and Canada have pledged to act sensibly and solve domestic policies that will in turn help the economies of their fellow nations. But perhaps no single of the leaders have performed like men: their major partners to keep currencies stable. And as stock markets collapsed around the world last week in the wake of Wall Street's devastating Black Monday, most analysts pointed the blame in large part on a breakdown of international economic cooperation.

Last February the leaders of the group of seven leading nations, known as G-7, reached an agreement at the Louvre meeting in Paris to encourage

world economic growth. But on Oct. 14 West Germany's central bank, the Bundesbank, boosted its prime lending rate by a tenth of a percentage point to 13% per cent. Higher interest rates tend to dampen growth, and the West German action prompted an irate U.S. Treasury Secretary James Baker to accuse West Germany of breaking the Paris pact. Then, Baker speculated on the possibility of letting the U.S. dollar's exchange rate against major currencies—15 years ago he wrote the now famous "Baker letter" in an attempt to rescue the bitter interbank market collapse around the world last week in the wake of Wall Street's devastating Black Monday, most analysts pointed the blame in large part on a breakdown of international economic cooperation.

But February's pact international along with disappointing U.S. trade results and a spate of gloomy analyses in U.S. publications, sent the world's stock markets into their unprecedented tailspin. Alarmed market traders and investors around the world instantly

started pulling their fluid and skittish pool of capital from the U.S. market. They were clearly worried that a hike in interest rates would slow down America's economic growth—and even trigger a recession. As a result, they started to turn off of overvalued American stocks.

Pragmatism. While the economy of the seven became apparent only last week, the U.S. government responded to the fears of higher interest rates. On Wednesday the Federal Reserve Board, the U.S. central bank, dropped its interest rate to six per cent—it had been as high as 15% per cent the week before. Major U.S. banks followed by dropping their lending rates by similar amounts to nine per cent. And the Bank of Canada followed suit, lowering the prime bank rate by a full 1.51 percentage points to 8.25% per cent. The rate cuts floated the financial system with liquidity, raising money easier to obtain and fueling temporary rebounds in stock exchanges.

But such a drop in rates underwrote

every condition has other potential side effects. For one thing, it can set off alarms over inflationary pressures, which in turn could affect the value of the U.S. dollar as foreign capital moves out of the United States. But last week the U.S. dollar did not fall until Friday, when it declined sharply against other major currencies and rates, later declared that G-7 leaders were to hold an emergency weekend session—and would devalue the U.S. currency. In Ottawa, finance department officials were privately worried about a steep fall in the greenback, which would take the Canadian dollar with it. However, on Friday the Canadian dollar actually appreciated against major currencies.

The fragile network of conflicting economic actions and consequences has also tested leadership. On Sunday in the United States, formerly the world's third largest economy, that powered the globe, facing an array of serious, fundamental economic weaknesses. Its industries have lost their pride of place as the goods producers of other countries, notably Japan. And its consumers have developed a seemingly insatiable thirst for foreign products, which has produced a \$100-billion U.S. (1974 billion Canadian) trade deficit. By contrast, in 1980 the United States had a trade

surplus of \$17 billion (U.S.).

That worrisome trade position had already sent the U.S. dollar into a steady decline, and other major currencies since late 1980. American reduced purchases, while it has been able to keep business, government and consumers to take on record levels of debt in order to support the country's \$4-month-old boom. Said Patricia Meier, senior economist with the Bank of Nova Scotia in Toronto, the U.S. economy is "on a knife's edge."

Grande. On the other side of the chasm that separates the United States from its economic allies are West Germany and Japan. Despite the G-7 assault, both the West Germans and the Japanese have policies designed to isolate them from global was at the expense of the United States. Japan, plagued by an overvalued currency and a stagnated economy, has imposed pressure to increase imports. And West Germany, laboring with high unemployment and a sluggish economy, concentrates on avoiding inflation. Although Noboru Takeshita, West Japan's next prime minister, has promised a program of higher domestic growth. Western leaders remain convinced that the United States must at its young trade and budget deficits, or the economic imbalance is righted.

Last week, clearly stung by criticism that he had initially reacted too easily to the Wall Street crash, President Ronald Reagan gave the first indications that he was finally ready to adopt tougher economic policies. Reagan has conducted a long running battle with the Democratic Congress over the direction of next year's U.S. budget, which is expected to fall short of revenues by \$100 billion (U.S.). Despite this shortfall, Reagan has refused to raise taxes.

Reagan's instead, Reagan is calling for greater spending cuts than those proposed by Congress in all mandatory programs, sales of government assets and increased user fees for government facilities and services. At his first news conference in seven months, Reagan told reporters on Oct. 22 that he would meet his fellow seven congressional leaders to discuss cutting the budget deficit. And this week he showed a sheet of retiring him from his opposition to a tax hike, he said.

"I'm putting everything on the table, with the exception of Social Security." But that stock market investors and many economists reacted with skepticism. Carl Bergin, chief economist at Dresdner Securities Inc. in Toronto, "The President has lost any real credibility in international matters." And C. Fred Bergstede, director of the Washington-based Institute for International Economics, said that if White House officials "do not take this opportunity seriously, they court real, major disaster." Robert Solow, the professor of economics at Massachusetts Institute of Technology who was awarded the Nobel Prize for economics last week, was equally critical. "Financing a consumption boom by borrowing from foreigner means that we're going to be a number of years digging ourselves out of a hole that we dug for ourselves over the past six or seven years," he said.

Still, many economists and politicians remained hopeful that tough budget cutting and a tightening of borrowing would give the way to recession. The worry is that last week's stock market crash could have an immediate recessionary effect as newly nations U.S. consumers and businesses curb their spending.

Many observers now say that a mild recession in 1980 is inevitable—and even welcome, because it will put a stop to overborrowing. But the clear consensus was that the world was not yet ready for another Great Depression. Paul Lewis Kellie, chief economist at Manufacturers' Alliance, Inc. of New York, has been predicting a recession for three years. "The doomsday in the stock market is the best place in the world," added Doeringer. "Bender, vice-president of Dean Witter Reynolds (Canada) Inc. in Montreal, "A recession was long overdue anyway. Price-chasing power will drop, which will help build the American trade deficit."

Reagan's final study analysis also drew uncomfortable parallels between the events of last week and the decline of Britain as the world's economic leader in the 1920s, just before the Great Depression of the 1930s. Republican economists and pessimists hoped Jack Kemp would write in the *Wall Street Journal*, "The market broke, in effect, because American leadership in all these [recent] fronts appeared to be crumbling."

Still, Kemp and a host of other economists held out hope for an end to international freefalling of broad world market prices. For one thing, the *Wall Street Journal* pointed out more recently, the leading nations to have economies in the following macroeconomic system. A recent proposal by Treasury Secretary Baker to usher the world's monetary system to the price of a basket of currencies, including gold, proved last in the wake of the crash. But that was only one possible solution to one part of a global problem.

—PATRICK BOYD AND DAVID MURPHY of *Weeks* and *International* reporters

'THE GREED FACTOR'

For the 3.2 million Canadians who play the stock market, last week's collapse of share prices was a gaudy, writhing reminder of "what stockholders usually call 'downside.'" Over the past six years retired Montreal executive Arthur Lowe has seen the value of his investment portfolio grow fractal. But by the time trading ended last Thursday on stock exchanges in Canada and the United States, the stock portion of his holdings was worth only 50 per cent of its value six weeks earlier. In Toronto, the part-owner of a small food service company lost \$20,000 when the value of shares that he purchased with borrowed money plummeted. And as the markets gyrated wildly, even professionals traders were tripped. One Toronto brokerage executive, who had been planning to sell his shares to raise the new payment on a new house, lost \$10,000 in two market sessions last week. "I was just a little too late," he said. "I watched 50 per cent of the value of my shares vanish in two days."

Market. Across the country, both retail investors and professional dealers in the stock market took a collective fall of one. It was a chilling setback after five years of prosperity in which the soaring stock market came to symbolize a broad-based optimism and a blind assumption that the economy was absolutely sound. As the memory of the 1981-1982 recession faded, it seemed that many Canadians fell victim to a love affair with money. It found expression on television, where the glamour of *Dynasty* and *Dallas* dominated ratings, and in publishing, where a new generation of glossy magazines documented the achievements and lifestyles of the richly famous. In the country's financial capitals, Jaguar sedans, Yves Saint Laurent wardrobes and Tudor mantles became the symbols of success.

But for some high achievers, the appetite for wealth overrode ethical considerations. The international investment community was stunned last November when securities investigators re-

vealed that one of Wall Street's most successful brokers, Ivan Boesky, had made off with dollars from illegal dealers. Boesky's testimony led to further investigations in New York, Toronto and London.

Still, the energy of the soaring bull market proved beguiling—and ultimately,

in many cases, devastating—for ethically middle-income Canadians. The soaring market has attracted a host of new Canadian investors since 1982. And over the past two years, studies have found that Canadians playing the stock markets have become more daring as they increasingly opted to defer their own portfolios. By last week nearly one in five Canadian adults had money sitting on the exchanges—the highest ratio ever. Major brokerage houses followed the trend by launching aggressive television advertising campaigns and an increasingly exotic array of investment options. And banks and other institutions were more than willing to offer daring investors loans to buy stock.

Bust. The managers of Canada's major mutual funds also advertised their products widely, and their sales increased markedly between 1981 and 1986. Investors like Montreal's Lowe said they believed that mutual funds, which pick securities for investors who are too busy to follow thousands of stocks that they have little about. By the middle of this year the assets of Canadian mutual funds topped a record \$12 billion. And 55 per cent of that amount was held in stocks—a number that increased as investors poured an additional \$50 million a day into the popular investment vehicles.

Greed. But the flood of new players over the past few months damaged many market professionals. They were realising in what, according to many experts, share values had already soared too high. Said Carl Siegel, chief economist at Toronto-based investment dealer Dominion Securities Inc.: "The vast majority of small folks, driven by the fear that they are going to miss the market, came in late and paid too much. Then they sold it late and earned too little." And in Montreal, Thomas Burke, a broker with Guardian Trustee Inc., was blistful in his assessment of the clouded judgment of many new players. "New-



Lowe, a shock after six years of steady investment gains



Welcome to the
real business world.

ers to the market were buying blind," Burke said. "The greed factor was incredible."

The stampede to the markets was at least in part an aftereffect of the 1981-1982 recession, one of the worst since the Great Depression of the 1930s. Politier Ian McRae, president of Dalton Research Ltd., said that Canada became reasonably optimistic after the economy started taking the downturn at the beginning of the decade. That optimism, while sharpened the market's focus on economic and financial success, Penny Williams, editor of the Toronto-based monthly, has watched her magazine's circulation more than double to 80,000 copies since its first issue in 1985. Since the recession of the early 1980s, she said, people have become skeptical of putting their money in traditional institutions such as banks and have been increasingly willing to direct their own financial affairs.

Lavish. And as the high-flying stock markets open up new and more wealth, some observers argued that the pursuit of money was shouldering aside the traditional conservative values that had made Canadians among the highest per capita earners in the world. The personal savings rate of 8.8 per cent in the second quarter of 1987 was at its lowest level since 1972 and is less than half the 17.8 per cent that consumers saved during the 1982 recession. Pierre Kita, 25, of Montreal is typical of the new money-conscious generation. He launched a messenger service at age 18 and two years ago used the proceeds from its sale to purchase a Porsche and a holiday property in the Laurentians. Said Kita: "Business is the drug of the '80s."

Indeed, the decade's winners have revelled in the obviously expensive spoils of their success. Canadian sales of Jaguar's \$62,000 Vanden Plas model quadrupled between 1980 and 1987, and business at such elegant clothing stores as Toronto's Creda Inc. and Vancouver's Leane—where some patrons spend \$20,000 to \$50,000 a year on clothing—has been skyrocketing. And Castle Stevens, a bridal consultant with the Wedding Council of Ontario, said that the marriage of cou-

ple at every income level have become lavish affairs featuring "more brooches, more expensive dresses and more money."

Scandal. But as markets soared upward, few Canadians earned more from it than the brokers, traders and investment dealers who took large commissions on the shares that they handled. Timothy Miller, president of investment dealer Wolsey Shadell Cochran Murray Ltd., for one, earned more than \$1 million a year as one of Toronto's top stockbrokers. The job often kept him at his desk for 12 hours a day, but for Miller the effort

during a wide-ranging inquiry into alleged insider trading. And last month in Montreal former Progressive Conservative party president Peter Blaikie was one of seven people accused by the Quebec Securities Commission of illegal stock trading. Blaikie denied any wrongdoing. In British Columbia, evidence provided by Burke has led to charges against Eric Saunders, the former chairman of brewing conglomerate Okanagan Brew, in connection with an insider trading deal.

But with stock markets around the world rocketing in the week of last week's turmoil, large and small play-



Bourassa, continuing international investigations into insider trading and stock market corruption

paid off. "It's the educated upscale," he said. "Those really is no restriction on how well you can do." Indeed, Miller said that he was in such a solid position after the market's steady growth years that he will be unaffected by its recent volatility.

Scandalous. But in many cases the desire to get rich quickly superseded to ethical moral and ethical considerations. On Wall Street, Bousky and Dennis Levine, managing director of mergers with Drexel Burnham Lambert Inc., were found guilty of using inside information to make inside stock transactions when a U.S. Securities Exchange Commission investigation exposed the scheme last year. Security markets in Canada and Britain have been rocked by similar scandals—some apparently sparked by Bourassa's revelations. In Canada, the Ontario Securities Commission earlier this year announced that it was con-

cerned about the uncertain future. Many investors have been forced to reduce their expectations sharply. A few have seen paper assets dissolve. In Montreal, the value of stocks held by one of Bousky's clients collapsed to \$10,000 from \$100,000 in three days. For that "ethically" individual, and Burke, the volatility in share prices was like a roller coaster in hell. And many brokers were already preparing to reap the gains of their clients' broken dreams. Indeed, as the market crashed on Black Monday, Oct. 19, one frantic broker working the floor of the Toronto Stock Exchange tried to find salvation in the rubble, telling his colleagues, "If you think anyone is going to have to sell these house, recommend them to me."

—CHRIS WOOD WITH VICTOR MINTON AND ANN SHRETT, BLOOMBERG BUSINESS AND RICHARD BELLEH, SHUTTLE IN TORONTO AND DAAN BURKH IN MONTREAL



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If you've got big plans for your

company, the Macintosh SE has a very well-constructed, yet extremely vital attribute: expandability. Inside, an expansion slot gives you the option to add in other networks, or even work with MS-DOS based data.

The Macintosh II displays a number of admirable characteristics of its own. It's the first Macintosh ever to offer a completely open architecture, which means it can be easily persuaded to do just about anything.

The Mac II boasts an advanced 32-bit Motorola 68020 processor as well as a co-processor for floating-point calculations.

Six expansion slots will provide you with some powerful options. For one thing, the Macintosh II is better able to coexist harmoniously with an IBM mainframe.

or run programs written for other operating systems like MS-DOS.

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Both the Macintosh SE and the Macintosh II conform to the Apple philosophy that people shouldn't have to conform to computers. Computers should conform to people.

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COLUMN

Preparing for a real election

By Charles Gordon

Next year, or the year after, there will be a federal election in Canada, and it will be all about free trade. With that election campaign, all hell will break loose, the voices will be as pumped up about free trade that the leaders' haircuts may not be important, and it may not even matter if one of them claims his throat a clog of lines in the big TV debate.

You would not have predicted that a couple of months ago. Many possibilities were more distinct than that of Brian Mulroney calling a federal election on the free trade issue. Free trade was dead. The negotiations were going nowhere, and politicians such as Ontario's Premier David Peterson were finding that the road to political success led right across Brian Mulroney's back.

Peterson's election was the first in which Canadians were given the opportunity to decide by voting Conservative. In several members, Ontario voters decided to do so. Free trade was dead. A few politicians bled it, along with some conservative businessmen and academics, but the cultural community hated it, and free trade was failing to catch the imagination of the ordinary people who were promised they would benefit from it.

Under those circumstances, you would not catch Brian Mulroney calling a federal election as free trade. Aside from a lack of public enthusiasm about free trade, the financing was not right either. Selling free trade as the key to prosperity was not going to work too well if many of the voters were already experiencing prosperity without it. Furthermore, the compunction of Mulroney's party may have rubbed off on Mulroney's own cause.

Experts at down to write learned articles to the effect that free trade was dead. When they had to, they insisted that the Mulroneyites had signed a free trade agreement. This caused the experts to revise their thinking to an extent. It also made the free trade election a more likely event.

Suddenly free trade was real, suddenly the opposition concluded as cut-and-dried a federal election as the subject, and immediately after that the first opinion poll appeared, showing that the people of Canada also favored an election on the subject, and that, by the way, they were pretty evenly divided on the issue.

That same poll, an Angus Reid poll

taken early in October, showed the Conservatives on the upswing, although still behind the diehard Liberals and NDP. That was the stage set for the Canadian general election of 1988 or 1989. It will be a disaster, if you will pardon the political science terminology.

An election that is actually about something will take some getting used to. However, you need not worry too much about being overwhelmed by specifics, such as whether it makes sense to hunch ourselves ever more closely to an economy as confined as the American one. As in all federal elections, touchstones such as free trade will disappear. The details of the free trade agreement will not be debated. The election will be fought on emotion. The debate will be about symbols.

An early shot in the symbolic war was fired the other day by Pat Carney, the federal international trade minister, who asked, "Are we going to main-

The voters will be so pumped up about free trade that the leaders' haircuts may not even be that important

tain ostrich feathers and buggy whips even if they're not wearing hats or driving buggies?"

Carney may have been saying this to make a British statement, or she may have been trying to tell us that conservatives do not drive buggies. More likely, however, she was talking as that opponents of free trade are the hat-and-buggy apes.

There will be many such symbols. It is fitting, therefore, to be prepared with some of them. While the free-trade-traders may attack the ostrich feathers symbol to their opponents, they are equally open to their own symbols. This symbol is many. That is, what free trade will bring, according to them, money and lots of it. Money has always been a fairly powerful symbol, and it will be an even stronger one if the Mulroneyites can somehow engineer a major recession between now and election day—1988 or 1989, depending on how long it takes. When people are prosperous, they are inclined to opt for the status quo. They become more adventurous the less prosperous they are. So

if you see the Mulroney government enacting measures that look as if they are designed to discourage prosperity, you will know what it is all about.

Money as symbol will also show up in discussions of consumer goods. Free trade, it will be argued, will bring about a veritable Big Bad Candy Mountain of cheap consumer items flowing across the border, if a mountain can indeed flow, and who is to say it can't, especially during the 1988 (or 1989) election?

Against such a powerful symbol as money, what can the anti-free-traders, the Turners and Broadbents of this world, put up? The lion, in the name. As well as being on the new dollar, the lion is on the likes of the nation, where the canoes paddle, a symbol of the elusive, more peaceful, more deliberate Canadian way of doing things.

The Canadian way of doing things, it will be argued, will vanish when free trade makes us a mere production unit. Free trade will circumvent the economy, the habitat of the lion, will be paved over, the lion's call will be replaced by a more up-tempo sound—the roar of the police siren. When the lion goes, so will go other things that make us different from, and better than, the Americans. These include, perhaps, the CBC, Stratford, linguistic equality and gas control. Such will go the way of the Foreign Investment Review Agency, an early martyr in the free trade wars.

For many Canadians, the lion is an attractive symbol, particularly when an eagle is the alternative. But for many other Canadians, the lion is outdated, particularly for the 21st century. For them, the 21st century is the most powerful symbol of all. Free trade will bring it into. We will become, it is claimed, more efficient, more prosperous, more competitive, more modern, more confident, more of a never-say-die-in-the-world, ready-to-take-on-everyone half-breed buckwheat with an indomitable spirit to boot.

The fear of not being up-to-date is part of that Canadian inferiority complex. So far as I have brought on the desired statistics, next it may take on not of ostrich feathers and, perhaps, even the canoes. By the 21st century we could be trying to get back to where we are now, but that is for another election. With any luck, there will still be Canadian voters.

Charles Gordon is a columnist for the Ottawa Citizen.

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The renovation rage in Canadian homes

Federick Brayer Andrew Wood and his wife, New Brunswick civil servant Margarette Blodgett-Davis, are acknowledging that they set themselves an impossible task when they took possession of a one-story, 1,000-sq-ft bungalow on July 1, 1979. Their original plan was to convert the \$40,000 home into a comfortable single-family dwelling within two months before their Aug. 31 wedding that year. But last week, more than eight years later, they estimated that they still need another eight years of spare-time labor to finish remodeling the 55-year-old building. In the meantime, like millions of other Canadians, they are enduring the time, expense and drudgery of a home renovation project. Declared Wood, as he revisited the transformation of a 65-year-old kitchen into a new dining room: "It can be a bonding experience to live in dirt and to have to offer friends who drop in a cup of coffee for a libation."

Despite such inauspiciousness, a recent nationwide survey found that 85 per cent of Canadian homeowners—about 4.75 million households—envisage an upgrade and renovation projects such as paint. Indeed, the latest poll, conducted by the Toronto-based firm Economics Research Group Ltd. for commercial and government use, concluded from a sampling of 4,500 households that, on average, those who renovated spent about \$10,000 in a 12-month period ending July 31. In doing so, homeowners were poised more than \$17 billion into the shrinking home improvement industry—about \$5 billion more than they spent during a similar period last year. The poll also found that while members of the baby boom generation—homeowners in their 30s and 40s—spent only 50 per cent of the renovations they accounted for 56 per cent of the total expenditures as materials or in hiring professionals.

According to Scott Silcox, the Toronto-based manager of eight annual home improvement shows, soaring real estate prices have helped stimulate the renovations business. For one thing, he noted that the average house price in the Toronto area was now close to

\$200,000—a factor that had convinced many homeowners to fix up their current houses instead of moving up to larger, more finished—and more expensive—models. And Silcox predicted that the construction industry would feel better the next day in the aftermath of last week's stock market crash. Said Silcox: "This is not a recession-proof

new designs as built-in refrigerators finished with wood or Formica door panels. Brad Wendy Bernard, manager of Ontario-based Heartwood Interiors, "Everybody loves in the kitchen. It's impossible to make it look bad."

The high housing prices that have prompted many homeowners are also responsible for a West Coast renovation phenomenon known as the Vancouver Special. In that city, many homeowners push the limits of legal building bylaws by expanding—or replacing—small single-family dwellings to create multiple-family houses that exceed the size of their predecessors, with at least 2,000 square feet of living space on a typical 10-metre-wide lot.

The jarringly pretentious of these buildings, particularly on Vancouver's east side, has prompted many neighbouring property owners to complain to city hall. Declared Raymond Sprouse, Vancouver's director of planning: "They're the architectural equivalent of velvet paintings." As a result, local authorities, including Vancouver's planning committee, are seeking bylaws that would encourage homeowners to practice a garden-variety cloning technique—instead of crowding them with multiple-unit garages as many owners do now. Still, Taylor acknowledges that the city will be unable to force improvements in the tacky Vancouver Specials. Declared Taylor: "You can't legislate

time."

By far, however, the most dramatic—and homeowners who have completed big remodeling jobs—were prospective renovators that improvement projects are bound to last longer, cost more and cause more household disruption than anyone can possibly foresee. And the older the home the more frequent the complications, according to many experienced builders. Declared Gerald Hopkins, the president of Arachis Construction Co. Ltd., a small Winnipeg-based firm that specializes in renovating 19th-century houses: "There are times when you don't know what you are getting into. Knocking out a



Eva and Raymond Wood moving out, remodeling for overtime



Greensboro old homes and people who know how to restore gingerbread trim

wall to put in a closet in a master bedroom can mean moving heat vents and radiators and removing a portion of the house," added John Greenough, whose firm, Pavillion Development Inc., performs similar work in Halifax. "There are many problems in the renovation and restoration of old houses, in-

cluding finding tradespeople who can work on old buildings—and take the time to restore surfaces of rotten gingerbread trim instead of simply rip it all off."

Their advice to prospective renovators: move out, if possible, until a big renovation project is completed—and

budget for unexpected cost overruns. Accountant Raymond Ten and his wife, Eva, a management consultant, last May made arrangements to stay elsewhere for three months recently during a professional renovation of their three-story house in downtown Ottawa, a wedding gift from Eva's parents. But Ten noted that the \$100,000 bill for the renovation was \$40,000 higher than the original estimate—and \$20,000 more than the couple had calculated that the job would cost.

Still, many renovators, like Frederick Wood, rarely have to live with the shack that frequently accompanies home improvement. Instead, said Wood, "we always try to keep one room neat so that we could go in there and relax." To date, he and his wife have spent \$30,000 on renovation materials to improve a three-bed-room clapboard house that he estimates is worth \$114,000. Their efforts have produced such features as a new kitchen, a spacious extra hall, a larger living room and master bedroom and a glassed-in veranda. Last week, with the project still far from complete, Wood looked back on the work already accomplished and said, "I don't think we could do it again and maintain our sanity." But the thriving state of the renovation industry confirms that many Canadians are taking that risk in order to get a more beautiful, and more valuable, home.

—MALCOLM WILSON with correspondent

Saviors of an Island church

St. Mary's Roman Catholic Church in Indian River, P.E.I., is one of 28 churches designed by Canadian architect William Harris (1854-1933) and one of about 300 Harris buildings still surviving in the Maritime provinces. A year ago the church, with its 378-foot-tall steeple, elaborate turrets and carved windows, was threatened with demolition. The 26-family congregation had lacked the funds needed for maintenance and restoration. But a determined group of island citizens raised more than \$260,000 to save St. Mary's, completed in 1882, and at the same time helped to spark interest in a Victorian architect's legacy. Said parishioner Keith Mayhew, who organized the drive: "Harris's architecture is a symphony of strength and beauty."

Born in Liverpool, England, Harris arrived on the Island as a child and lived there and in Nova Scotia for most of his life, largely unknown, until he became one of the leaders of a building boom that he designed. Now the founders are hoping that St. Mary's restoration will help make his name better known. Over the past year the group raised money by organizing concerts, collecting pens and selling simple souvenirs with printed pictures of the church. They even put the church's 12 statues of the apostles up for "adoption"—for \$2,200 each.

Although Harris's architecture can only be seen in

the Maritimes, many of his buildings have been lost through fire and neglect. Still, about 40 remain in P.E.I., and some survive in unusual configurations, such as one former church now used as a summer cottage. But because of the affinity of a small group of people at least one of the Victorian buildings has been restored. Said federal Environment Minister Thomas McMillan, M.P. for Hillsborough, P.E.I.: "William Harris-designed churches, houses and public buildings are expressions of the essence of our Island's special spirit."



—JEREMY LEE/STYLING: DREW IN INDIAN RIVER

Playing with radiation

The events that unfolded in mid-September in Goiânia, a city of 950,000 in central Brazil, began as a modest entrepreneurial success—and developed into a tragedy of global proportions. On Sept. 13, Wagner Matos, 18, and Roberto Santos Alves, 46, who earned a meager livelihood collecting garbage and doing odd jobs, found a

topped only by the devastating 1986 explosion at the Chernobyl reactor in the Soviet Union. Leslie and her 22-year-old aunt, Karin Gabriela Ferraz, died by week's end, while 10 others, including Leslie's father, were in critical condition in hospital. At least 41 other people, including Leslie's mother, Ladeia, were hospitalized in Goiânia.



Radiation checks in Goiânia, a nuclear disaster surpassed only by Chernobyl

large metal machine in an abandoned sweater store. They loaded it into their wooden handcart and took it to local scrap metal dealers. Ivo Ferraz, who bought it for \$30, the men broke open the heavy lead casing with hammers and found a luminescent blue powder inside. Santos rubbed it on his right arm to watch it glow. Ferraz gave some to his daughter, Leslie, 6, who played with it—and later, with fingers glowing, ate a piece of bread. The group later shaved the glowing powder to admiring families and friends. Eventually, at least 265 people were exposed to the powder—and contaminated by it. What they did not know was that they were playing with death in the form of a radioactive substance called cesium-137.

The release of the powder from the radiotherapy machine, which had been used to destroy tumors in cancer patients, has developed into the second-worst nuclear accident in the world,

topped only by the Chernobyl disaster in the Soviet Union. Leslie and her 22-year-old aunt, Karin Gabriela Ferraz, died by week's end, while 10 others, including Leslie's father, were in critical condition in hospital. At least 41 other people, including Leslie's mother, Ladeia, were hospitalized in Goiânia.

Indeed, it was clear from the beginning that the Goiânia accident rivaled the severity of the problem. At least 42 of its technicians did not wear protective overalls, hoods, gloves or boots while carrying out decontamination. And no one remembered for several days to decontaminate the ambulances used to take the victims from Rio de Janeiro's Santos Dumont airport to the city's only hospital—use of only two hospitals in the country with facilities for treating radiation sickness.

Still, says press spokesman Marcelo do Prado and said that the accident will have no effect on the development of Brazil's nuclear industry. But in the aftermath of the disaster, CNEN president Elio Souza convened another emergency by summoning experts to bury the contaminated site from Goiânia to a thickly forested mountain in the state of Pernambuco, roughly 1,200 km south of Goiânia. The miners' cameras sprang from the rocky ridge are the source of drinking water for at least three cities in Pernambuco and neighboring Minas Gerais.

Meanwhile, a star of the unknown persists among the residents of Goiânia, a poor city in Brazil's central nervous. Many people are sharing these suspected of being contaminated. Judson Araújo Pires, a superintendent at Goiânia state's department of the environment, says that he fears the city will suffer lingering effects of the accident for years to come. Said Araújo: "The whole country will have a revelation for Goiânia. The white will suffer a decline in its agricultural exports and even in the sale of clothing manufactured in the city." Like Chernobyl, Goiânia has come to symbolize the vulnerability of innocent people to the mishandling of a powerful technology.

These fiascos had caused the private downtown clinic, but by week they were evicted after the state bought the prop-

erty. When they left, the doctors simply abandoned the radiotherapy machine and left the building to deteriorate into ruins without windows or doors. On Oct. 10 the three doctors were indicted on charges of causing grave injury. But many scientists and ecologists are placing most of the blame for the accident on the CNEN, established in 1966 to encourage nuclear development. For one thing, the radiotherapy machine can become the cesium-137 had not been inspected in five years, either by the doctors or by CNEN officials. Nuclear physicist José Goldemberg, rector of the University of São Paulo, 800 km south of Goiânia, took issue with the due date of the accident, which he regards as the responsible nuclear problem and monitoring the safety and security. Said Goldemberg: "We saw a profound reformation of the CNEN. The question of accountability in Brazil's nuclear industry is a very serious one."

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—ALISTAIR Dwyer in Rio de Janeiro

A life-giving death

For the parents of a newborn baby girl who had no chance of surviving, the decision to abandon her, as happened to a 16-year-old girl in Goiânia, is a difficult one. Karin and Ivo—deleting their infant daughter's heart so that another baby could be born—has helped to comfort them after their own child died. Karin gave birth on Oct. 13 to an unposed, three-ounce Gahrial, who had been diagnosed in the womb as anencephalic—without a brain. Two days later doctors declared Gahrial, who had been baptized Namei Catharina, to be clinically brain-dead, and nearly 45 hours after that another newborn, Paul Hale of Surrey, B.C., received her heart in a pioneering operation in California—becoming the youngest heart transplant patient ever. At week's end, the official report on Baby Paul, born on Oct. 16, had improved; previously listed as serious but stable, his condition was changed to fair to fair. Linda University Medical Center, 20 km east of Los Angeles that the procedure that saved the life of the six-pound, six-ounce boy born with a fatal heart deformity has sparked an ethical debate about keeping infants alive artificially so that their organs can be used for others.

Throughout North America, doctors are required to comply with what is known as a "best interests of the patient" standard of medical human death. Under that definition, doctors must do all they can to keep a severely—most notably, those with a breathing function. For 12 hours after her birth in Goiânia, Gahrial breathed on her own. Then doctors transferred her to the Children's Hospital of Western Ontario in London and placed her on a respirator to ensure that her organs stayed healthy. It was not until 30 hours after she had been on the respirator that a team of London doctors determined that the baby was unable to breathe on her own and pronounced her dead. Gahrial was then transferred to Loma Linda on a chartered jet. Technically and legally, according to Edward Keyserlingk, a member of the McGill Centre for Medicine, Ethics and Law in Montreal, the child was dead at the point when she could no longer breathe on her own. Still, some observers have argued that doctors have no way of knowing precisely how long an anencephalic child could survive on life-support systems.

But some critics add that even though doctors technically followed



Gahrial's parents, Ivo and Karin, updating decisions

the rules they still tampered with life before. Before Gahrial died, Paul's father, Ivo Hlassesse Pinto of Toronto's Holy Names Hospital, for one, acknowledged his own conflicting opinion. "I glad another life was given a chance," declared Pinto. "But the question is, at what cost?" And Dr. Timo-

ke to keeping Gahrial alive long enough to help Paul. "It's done with adults," said the priest, "I don't see why it should not be done to babies as long as it is not an assault on their dignity."

—NORA UNDERWOOD in Toronto

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SPORTS

An oddly appropriate end

Long after the victory celebration dim away and the late fall season is returned to football and hockey players, the 84th World Series will be remembered for its quirks as much as for its quality. Among other oddities, the examination of the 1987 season featured the three-run, ninth-inning game, the home-run prime-time race for the Series game, and the Bronx Bombers' morale低下, delayed by a U.S. president's press conference. The St. Louis Cardinals had a World Series record by stealing five bases in one game. And Minnesota Twins pitcher Joe Niekro set a new mark for playing the longest time in the major leagues—10 years and 386 days—before appearing in a Series game. Yet, despite the heroics of the Cards and Twins, which stretched the Series to seven full games, the most critical factors were the respective bull pens.

Contributed to the ineffectiveness of Minneapolis' Hubert H. Humphrey Metrodome—including its large Telstar-padded setting, open fences and 25-foot wall of plastic curtain in right field—the Twins entered the Series with the best home record in the majors (69 wins and 26 losses) in 1987, including the League Championship Series. True to form, the Twins harassed the Cards 10-1 and 8-4 to lead the Series by two games. While the Cards lost track of two fly balls in the opening games, the biggest adjustment they had to make was to the curve ball of the dome.

During the second game, St. Louis' starting fast registered an incredible 183 doublets on a nose measurement meter—equivalent to the sound of a jet airplane taking off 100 feet away. Indeed, when Twins shortstop Greg Gagne stood at home plate after teammate Dan Gladden had stricken a grand slam home run in game one, he felt a ringing in his ears. Said Gagne: "I asked [St. Louis catcher] Tony Pena if his ears were ringing, and he couldn't even hear me." Adds Twins designated hitter Dan Baylor: "When you play in front of a big crowd anywhere, you need tunnel vision. But when I joined the Twins, I had to develop tunnel hearing."

The Twins also played to form in St. Louis, where the cleanup was all directed at the Cards. With the last and record of any pennant winner in history—29 wins and 32 losses—Minnesota lost all three games in the soft-dark caverns of Busch Stadium. Long



Lawless admiring his home run quirks.

by half that would have been home runs back home were easy outs. In St. Louis, Meowville, with Goose Gossage performing his usual miracles of sheeting, the Cardinals were almost flawless, slapping 29 hits and stealing eight bases. But the Cards were as shocked as the Twins when third-string catcher and part-timer infielder Tom Lawless led the team to victory in game four on Oct. 11. A veteran of five major-league seasons, Lawless, 36, had just won his 15th game in 1987. And he had hit just one home run. His Lawless' curtain call—presaged the Cards' 8-4 lead and a 7-8 win to tie the Series. Said Lawless: "I just stood there and watched it and said to myself, 'Holy cow!'"

The Twins were talking to themselves after game five, when a bad bounce, a foulball bat, an error and two stolen bases yielded three St. Louis runs in the sixth inning. The Cards, reeling from fatigue and seemingly out of the Series after losing two in Minneapolis, won the game 4-2, taking the Series lead as the teams headed back inside the dome. For a quirky, yet less-than-enthralling Series, that was a fitting place for the finale.

—BRIAN GLENN with correspondents' reports

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British-born poet Joseph Brodsky had just sat down to lunch in a London Chinese restaurant with British novelist John le Carré when he was pulled away by a friend and told that he had won the coveted Nobel Prize for Literature. Brodsky, 61, who now lives in New York, is the second youngest writer to win the \$460,000 prize, after French writer Albert Camus, who was 46 when he was in 1957. The Swedish Academy described Brodsky's writing, which has been translated into more than a dozen languages, as "rich and intensely vital work." Said the poet, who was exiled from a "social parents" from the Soviet Union in 1972, where his work

made-for-TV movie, *Home*, was first prize in the TV mini-series category at the annual Women in Film Festival. The award is the fifth top prize for her \$2.6 million National Film Board series about Métis women, *Daughters of the Country*, which has been sold to 17 countries. *Home* is the story of a native woman who marries a Scottish fur trader in 1775. Sadie Bailey, who last week learned that her series has received four Gemini Awards nominations for outstanding Canadian television. "I wanted to make a drama about the women who were left out of the history books."

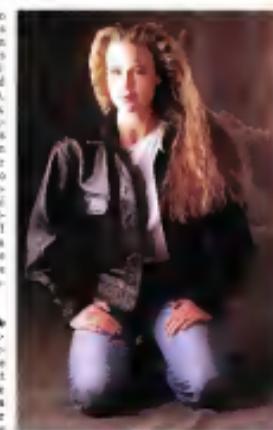
Director **Barrie** celebrated 30 years acting before he found his perfect princess—movie actress **Naomi** **Wright**. For Wright, playing the innocent Blanche in the critically lauded *Death of a Salesman* was the *Princess Bride* pressed a welcome departure from her regular job as the TV soap opera *Santa Barbara*, where her character has been kidnapped and raped by a 40-year-old former model and her 13-month-old baby from a movie. "She was very surprised when I heard the news," he added. "And I rather regret that I had to break off that lunch."

Actress **Diana Keaton** says she loved "hanging out with babies" during the filming of the romantic comedy *Always*. In the movie, the Oscar winner portrays a career woman whose给我 New York City life turns chaotic after she inherits a 13-month-old baby from a movie. "The result her career is derailed, she loses her boyfriend and she moves with the baby to the Vermont countryside. Keaton said that working with the 26-year-old twins, **Michelle** and **Kristina Kennedy**, of Long Island, N.Y., who alternately play the baby, proved a challenge. Said the 41-year-old childless actress, "They kept me on my toes." Added *Boys* director **Charles Shyer**, "Every time we'd say cut, Michelle would applaud."

Independent Wing film producer **Natalie Bailey** is getting used to winning awards. In Los Angeles last week her



Keaton: the challenge of "hanging out with babies."



Wright: a princess righteously at home.

still, the 21-year-old actress was overwhelmed by the critical response to her first movie was overwhelming. "I was frightened that I would fail, that I would be fired," she said. "But the audience was wonderful. He reassured me every day and said, 'Don't worry about it. We love you.'"

The vendor is still out on what's happening in Quebec elections this season, but the *Sûreté du Québec*, the province's police force, now has striking new uniforms from Montreal-based designer **Brian Givens**. After 35 years of the same style of pants and A-line skirts, the force's 2,200 uniformed officers are now updating law and order in fashionable plaid pants and divided skirts in the traditional olive-green colour. While no one would reveal the value of Givens's

costume, Sûreté spokesman Michel Martineau said, "We chose him because he's the best."

"For his part, Givens, 44, who went on patrol with officers to determine their wardrobe needs, said: "They love the uniforms so much I think the point is that if you look good, you perform well."



Givens: a secret police

Booster prize. Said Martineau of his trip to the Soviet bloc: "I have never returned. My one experience of a totalitarian country was enough."

—YVONNE COX with correspondence reports

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Figgatt, Walter - Shows abhorrent failure to an overwhelming call to the down-to-earth.

FILMS

The outlaw entertainers

MEMOIRS

Consolidated armed services

Uesletter (Rita Noble) is serving his sentence in San Quentin with the possibility of parole. After several unsuccessful parole attempts, including one from an upper-story window which leaves him badly bruised, Uesletter tries in desperation to the prison library, reading classic works of literature to pass the time. He starts to write and then stages his own play, *Wheels*. A drama teacher named Gillian (Rita Taggart) sees the production and writes a rave review for a San Francisco newspaper. *Wheels* premieres at the California Theatre, and the critics are unanimous in their praise. Gillian sees the play and offers Uesletter a release. He rejects it, preferring to remain in prison. He joins a group of friend inmates and forms the Barber Wards Theatre, which tours the country with his play. That story, retold in the movie *Wheels*, is based on fact—the experiences of ex-convict Earl Charley and the San Quentin Drama Group. But *Wheels* is both so uplifting and so contrived that it seems like the stuff of inspirational fiction.

Among the movie's down are the supporting cast—a group of ex-con-verts saintly enough to work for Mother Teresa—and the instrumental score, written by John Hancock and his wife, Dorothy Tristan. Directed by Hancock (*King of the Drum Show*), the film is at one moment abundant

卷之三

Oh, what a lovely war

HOPE AND GLOOMY

John leuerman's semi-autobiographical memoir of the London Blitz is the first real comedy about the subject. In *Hope and Glory*, the Second World War—seen through the eyes of seven-year-old Bill Roban (Schaefer), his grandfather (an extended school holiday), and Bogart—has death and destruction as almost childlike marvels and atmospheres.

The *Biffs* is the most exciting thing Biff has ever experienced. First, he is impeded by the Luftwaffe's orders to start flying. When they do, he regards them as magical amulets and goes treasure hunting for pieces of *shrapnel*. He joins a gang of kids who hang out in bombed-out buildings and who love inventing. "It's fun to scratch things up," says (Nicky Tuppert), the gang's leader, according to the book's author, *David L. Dinkins*. Biff's damage surfaces *Down (Barney Dean) man*, "Come see the fireworks!" *Sorceron's* memorable images recall a specific time and place—and restore the energies of youth.

pleasure is mixed with fear. As Bell passes a stretch of scrubby, he hears what he thinks are groans of pain. In fact, it is the sound of locusts. And the Indians have their share of hearings; they escape the bowses only to have a domestic fire destroy their boats. And Bell answers his melted log gatherer, his mother, Grace [Sarah Shultz] consoles him with the words, "They're only things."

Boorman, who directed *Deliverance* and *The Hunt for Red October*, uses his cameras with strong emotions. Hope and Glory draws the audience in on a warm, gentle hand. But the movie spatters to a sharp, incisive finish. After the Bolans' house burns down, the family moves to the country to live with Bill's grandparents (Anita Loos and Ben Banister). The grandfather is a criminally boring old man to whom Bayesian devotes far too much screen time. It is unfortunate that a movie as lovely and involving as *Hope and Glory* flickers out before the end. It leaves a tasting like that experienced by the uprooted Bolan children—suspiciously pleasant.

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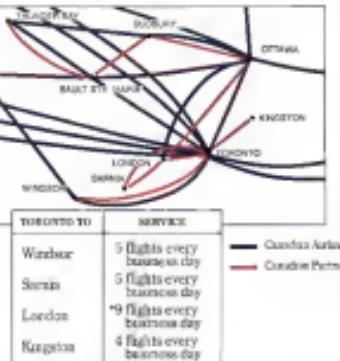
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Sex and destiny

VERDI LA FORZA DEL DESTINO
La Scala Orchestra
MOZART THE MARRIAGE
OF FIGARO
Vienna Philharmonic
Conductor: Riccardo Muti
(Angel/Capitol)

Riccardo Muti, the music director of *La Scala* in Milan, has a driving way with Italian opera. *La forza del destino*, Verdi's sprawling tale of power, coincidence and revenge, which recently opened the Canadian Opera Company's season with mixed success, is not a little brusque from Muti's energetic assault. But it is still impressive in its sweep and verve. The glory of the recording is the laudatory singing of Plácido Domingo as the fire-bellied Don Alvaro. Domingo, supple, Alvaro's amorous manner, lusciousness and spiritual torment, with heartrending intensity. Muti's other soloists mostly rise to Domingo's achievement. Giorgio Faletti as Don Carlo comes close, but Mirella Freni as Leonora often sounds too harsh and coldly professional. The qualified success of the album curiously mirrors the waning brilliance of the opera itself.

By contrast, Muti's recording of *The Marriage of Figaro* features a dazzling array of well-matched singers. Thomas Allen (Figaro), Jorma Hynninen (Count Almaviva), Margaret Price (The Countess) and Ann Murray (Cherubino) all sing with a sense of wit, grace and mannerism, verve and charm. The blend of voices in the many duets, trios and the celebrated sextet is a delight. And such is highly evocative in the individual arias.

Even young solo company, one voice shines with charismatic radiance: American soprano Kathleen Battle as the coy and mischievous Basilio. Battle gives an utterly bewitching performance, highly attuned to Mozart's sparkling comedy of confusion and philandering. Her voice has an amazing subtlety as she oscillates back and forth from inquiry and calculation to warmth and severity. The conducting is less effervescent than in the Verdi, and the Vienna Philharmonic matches the *La Scala* Orchestra's performance in *La forza*. Muti clearly revels in the brio and effervescence of Mozart's music and fosters a party atmosphere in which the whole opera glows.

—JOHN PEARCE

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BOOKS

The loved and the lost

NEVER LET GO: THE TRAGEDY
OF KRISTY MCFARLANE

By Tom MacDonell
(McMillan of Canada,
224 pages, \$19.95)

In August 1988, Kristy McFarlane, a 14-year-old high-school student, planned to meet a girlfriend at a Toronto mall for some back-to-school shopping. That night she violated her 10 p.m. curfew for the first time. Three days passed before her mother, Sheila McFarlane, saw her again; in the interim, Kristy had dobbled in anxiety and depression. She would return to the underworld known as the street again and again. *Never Let Go: The Tragedy of Kristy McFarlane* describes a deserved mother's 25-year struggle to pull her child back from that abyss.

The author, broadcast journalist Tom MacDonell, traces the failure of "an entire industry" into motion by one child's willful delusion. Following his first arrest, Kristy lapsed from correction centre to treatment centre—and back home. It was a no-win situation for the girl. MacDonell writes: "She was happy to be on the street, and when at home, she was surrounded by anxiety and affection from her mother."

The book's skillful blend of tight journalistic reporting, first-person narrative, diary, photo, both mother and daughter, and the two come alive on the page. Despite that, the author can offer no real answer to why Kristy was so drawn to the danger and degradation of street prostitution, unlike many less fortunate, she was not running away from an abusive or neglectful home.

MacDonell begins interviewing the two women last year at a point when it seemed that Kristy's mother had won her battle. The courts had sentenced Mark Morgan, Kristy's school-chum-turned-jailbird, to a record 18-year prison term. Kristy was living at home, transformed back into what MacDonell calls "a friendly fresh-faced kid." But last February Kristy was found in a local sewer, dead from a massive heroin overdose. MacDonell does not try to analyse the reasons for the tragedy, which occurred while he was writing the hot section of his book. *Never Let Go* ends as Kristy's life did, with a chilling legacy of unanswered questions.

—DALEINE JAMES



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The fabric of fantasy

WEAVEWORLD
By Clive Barker
(Collins, 222 pages, \$15.95)

With *Weaveworld*, English author Clive Barker is boldly claiming a spot in the drugstore book racks and best-seller lists like American novelist Stephen King—who has declared himself to be a fan of Barker's fiction—the author has a highly developed sense of terror. And like J.R.R. Tolkien (*The Hobbit*), he leans strongly toward metaphysical fantasy and adventure. But Barker's own particular blend of horrors and the supernatural is a fantastically original *Weaveworld* traces the quest for a missing infant called the Pagan, which ensnares in its胎盤 a parabolic alternative universe.

That other world is filled with Alice-in-Wonderland landscapes and is populated by supernatural beings known as the Weavers, who come equipped with supernatural powers, including telepathy and telekinesis—the ability to control mind and matter. Although it sometimes resembles a feature-length animated film in its psychedelic colors, *Weaveworld* has all

the earmarks of a fiction classic. The novel places youth and innocence, enthralled by the poetic Cal Nooney and his potter friend, Susanna, in competition with a trio representing destruction and repression. They are the greedy saleswoman Shadwell, the haughty policeman Hobart and the vengeful Tessamata, a renegade convert of the supernatural world woven into the carpet. *Weaveworld's* story chronicles the attempts of each side to gain control. The Pagan for itself. Meanwhile, Barker introduces a cast of angels, ghosts, demons and devils, the most dreadful being his masochistic companion, the writh-sisters—Magdalene and the Fing—who allow the author to exploit adolescent male fears. Able to conceive and give birth in a matter of hours, they attempt to rape every male in sight.

But Cal and Susanna acquire their own supernatural powers and try to

retain control of the carpet by causing the world that it explores to explode spectacularly onto the grey streets of present-day Liverpool, rocked by tire riots. In response, the Weavers cause psychological and physical chaos among the Liverpudlians with their supernatural shiftings to cause mass hallucinations.

Barker threads the Pagan's magic

world in and out of his narrative tapestry with a dazzling frequency. Also weaving in his indulgence in the pseudomorphisms of popular fiction, including hairbreadth escapes and last-minute cavalry charges by the good guys. And in Shadwell, the author has created a delicious villain.

Still, Barker's fantasy is a welcome addition to the hollows. British tradition of nastiness and oral storytelling. With its shadow world of horrors and terrors, and its titanic struggles of one good and evil, *Weaveworld* is an eloquent statement of the sacred governs of the imagination.

—NORMAN SPERBER



Barker, psychedelic colors

An epic of the everyman

THE ENGLISH: A SOCIAL HISTORY, 1066-1945
By Christopher Hibbert
(Collins, 762 pages, \$19.95)

English author Christopher Hibbert makes a living from writing history. He has published over 25 books of biography and military and social history, including *The Rose and Fall of the House of Tudors*. An evangelical popularizer, the author notes that his latest book, *The English*, "cannot pretend to be a work of original scholarship." He adds, "It is intended for the general reader." By that standard, the book, which sets out to record the daily life of people from 1066 to the present, may well be a spectacular success.

The village, the peasant, the artisan and the road are all great for Hibbert's novel. During the Middle Ages at St. Paul's school in London, he reports, "the people's urine was collected in tubs and sold to dyers and tanners, the profits going toward the school funds." His detailed description in the 18th century, when tarts were "treated and peeled not only by bakers but also by blacksmiths, hairdressers, apothecaries, farmers and even by cobblers, watchmakers,

jewellers and woodturners." And he explores the eating habits of Edward, Prince of Wales (later Edward VI), who would sit down to a dinner of 12 courses at 8:30 p.m., order a snack of grilled oysters before bed—and have a cold chuck

"white model of female reproductive organs could be examined in waxwork shows." He also shows how little England's distribution of wealth has changed over time. Despite the hopes expressed near the end of the First World War by then-prime minister David Lloyd George that poorer British society would not return "to the old days, the old classes, the old aristocracies," Hibbert writes, that goal has not been realized.

Hibbert treats his facts and sources carefully. While his prognosis wrongly lists England's population in 1066 as 5.5 million, a later figure gives a more accurate figure of 2.5 million people, and the book has Thomas à Becket martyred in 1170 instead of 1170. Despite that, the book is a masterly condensation of secondary authorities; the list of sources contains more than 200 titles. That method of cobbling together a book, which despite its title deserves little space to the 20th century, indicates that sales rather than scholarship have been the driving principle. Still, professional historians have much to learn from Hibbert's entertaining methods, if not from his content.

—JOHN GLOUCESTER



Medieval chess game: vulgar grid for the kill

is placed on its backside table in case he grew hungry in the night.

Modern campaigners for moral reform may be disappointed to find that matters were worse in a more religious age. Paragraphs books shouted in the early 18th century, Hibbert writes,

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Portrait of a firebrand

HARD BARGAINS
By Bob White
(McGraw-Hill & Stewart,
280 pages, \$24.95)

Thirty years ago a young trade unionist stood up before the commanding cadre of the powerful United Auto Workers (UAW) union and delivered an uncompromising speech attacking the union's leadership. He was 24, and he was speaking in Woodstock, Ont. When he finished, one audience member turned to his neighbor and said, "You better watch that young son-of-a-bitch. He's going to go somewhere." Since then politicians, industrialists and journalists have called Bob White far worse names. But as White rose to prominence in the head of the UAW in Canada, and then went on to lead the Canadian Auto Workers in a dramatic breakaway from its U.S. parent, few disagreed with that assessment of his abilities. Now he is unquestionably Canada's outstanding labor leader.

In *Hard Bargains*, White offers a straightforward account of how he achieved his lofty status. Hard work and a punishing pace that left little time for private life played a part. White was also the most militant man in the



White militant voice, natural leader

union, taking a hard line despite reservations, layoffs and the fervent opposition of his constituency U.S. union bosses. But he also proved to be a natural leader who never took his members where they did not want to go and, as a result, was contracts that more na-

tional heads considered unacceptable.

As a high school dropout sweeping muck in a woodworking plant in Woodstock, White became entranced by the CIO, a democratic union that had pioneered many of the benefits workers now take for granted. White's future with the union was assured when he was appointed in 1968 to lead a crack team to recruit new members under the impending Auto Pact. Over the next five years White and his crew signed 30,000 new members to the UAW. At 31, he became assistant to Eugene McCormick, director of the auto's Canadian Region. In virtually the only revealing comment in his autobiography, White says, "I just didn't understand my responsibilities, lay and work with his朱克 set and power consolidation, ready to a fault. But he soon came to respect the older man, and he was clearly influenced by his nationalism. McCormick then moved on, making way for White's virtual elevation as Canadian director in 1976.

The UAW's demands to agree to make wage and benefit concessions in 1979 to save a struggling Chrysler Corp set the stage for White's inevitable career in the 1980s. Alone among auto executives, he opposed concessions. From then until his ultimate break with the international union in 1985 he was at odds with his own leaders as well as the Big Three automakers. His militancy also regularly shocked the press. The *Montreal Gazette* once called his decision to strike the ailing Chrysler in 1982 "resolutely unorthodox." But White consistently outgunned his American counterparts and when he decided to lead his union out of the UAW, his move was followed readily.

White's book is less when describing these dramatic days. But when he shifts his focus to immediate events, *Hard Bargains* falls flat. His arguments against free trade are pat and unconvincing. And he ignores such important subjects as the brutal alienation of life on the production line or the apparent success of Japanese methods.

Relief about his private life, White is candid in describing his career, including colorful encounters with Chrysler chairman Lee Iacocca. It would have been helpful if White had more to say about his own future than the few non-committal comments he tosses off. Although White is a vice-president of the New Democratic Party, his book makes it hard to believe that he will ever enter politics under its banner. The dominant impression created by *Hard Bargains* is that Bob White is a winner—a man dedicated to his ability to bring about change. But the possible prospect of defeat on the opposition benches would leave him as awkward as *Bob*.

—JOHN BANNER

BOOKS

Laurels in literature

To fail to win a major literary prize does not necessarily condemn a writer to obscurity. Some of the most important figures in 20th-century literature—among them James Joyce, Franz Kafka and Jorge Luis Borges—are absent from the list of Nobel literary prize winners. The Booker Prize for Fiction, established in 1969, is supposed to reward the best novel written in English in the current year by an author living in the Commonwealth, the Republic of Ireland or South Africa. For last year Timothy Mo's—whose novel *As I Sender Possesses* was a Booker runner-up—remained jubilant, noting that the prize should be eliminated because of the way the accompanying publicity designated contestants. Still, the Booker's author—a winner will be selected Oct. 16—is important simply because it aims to give a sampling of the year's better novels.

Each year Britain's publishers submit lists of their three favorite works of fiction, which are then read by a panel of five independent judges. The judges announce their shortlist and

then five weeks later choose one winner. This year's shortlist consists of Iain MacCormick's *The Rock and the Brook* (Harcourt Brace Jovanovich), Nina Bawden's *Circle of Doves* (Oberon/Orion of Canada), Brian Moore's *The Colour of Blood* (McGraw-Hill and Stewart), Clinton Abbott's *Artifice of*

The Booker Prize is important because it aims to give a sampling of the better books currently published in Britain

the Sunbeam (General Publishing), Penelope Lively's *More Tales* (Oxford) and Peter Ackroyd's *Chatterton* (Picador Books).

But that choice is eclectic and un-

even: good can be found in a typical

list from one of the nominees. The

deeply vibrating heat of the comic upset

her, she wanted very much to dance

Tomar was poised ready to fall in love," one author writes. She is not Barbara Cartland, but the respected Iris Murdoch. Her latest book, a lengthy account of how a group of snobbish intellectuals plot a political book and then decide against it. Novels between neoclassicalism and high-brow politics. Moore's *The Colour of Blood* and Abbott's *Artifice of the Sunbeam* are better books, but that is not a major complaint.

All three have focused on the intellectual's responsibility in a politicized society, but none has successfully transformed that into forceful fiction. In Moore's disappointing book, the intellectual is a Catholic cardinal struggling for the preservation of his church in a totalitarian society. The society Nigerian writer Chukwu Achebe has chosen to depict is the small and tragic West African state of Kananga, where a young dictator easily rises to power. The intellectual is the dictator's childhood friend Beni Good, a journalist and a poet who tries to use his pen to prevent his former friend's massacre of citizens. Achebe's plot leaves the reader with a full understanding of much of contemporary Africa, but the writing is at times didactic and stiff.

For MacCormick, Moore and Abbott, contemporary politics reflect and test human relationships and their ethics

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The other three nominees—Lively, Bowles and Ackroyd—turn to the vast mirror of history. Lively's novel is a dying historian's musings. From her hospital bed, the historian mentally encompasses a history of the world while at the same time framing in a spiral of words the intricacies of her own life and those of people she has loved. Like the "Moon Tiger" brand of mosquito coil in the novel's title, it leaves little but ashes at the end. Twice short-listed for the past Booker Prize, Lively proves in *Moon Tiger* that she is one of Britain's finest, most elegant novelists.

Bowles, who has sometimes been compared to Lively, lacks both her subtlety and depth. Her new novel, *Circles of Devil*, begins with two clear premises: that all history is fogy, because it depends on what humans choose to remember, and that literature is the telling of lies to teach a truth. To prove her point, Bowles creates a partner who copies the work of Old Master, yet then adds a detail recognizable to us. The partner tells his life story while admitting that at any point he can be made to "draw a straw" interesting." But Bowles has failed to take her historical premises very far, and the novel founders on a trivial plot.

History has interested the ninth nominee, Peter Ackroyd, for many years. His previous novels, including the celebrated 1986 book *Hawthorne*, turned historical facts on their head to serve the purpose of the writer's fiction. And he repeats the technique in his latest novel, *Chatterton*.

It is based on the true story of the 19th-century English poet Thomas Chatterton, who achieved celebrity at 15 by claiming to discover alleged medieval poems that he had in fact forged. Worn down by poverty and neglect, he committed suicide at 17. Almost a century later, artist Henry Wallis painted Chatterton's death scene using novelist George Meredith as a model. Ackroyd's book begins with a 20th-century poet stumbling on a portrait of a middle-aged Chatterton. Realizing that history has declared that to be impossible, the poet launches an investigation that brings Chatterton, Wallis and Meredith to life.

Chatterton is about painting, literature, history and the truths each portrays to tell, but it is also a brilliant detective story—and is by far the most readable novel on the Booker shortlist. Of course, that does not guarantee that it will win. Still, losing writers have some consolation: good books seem to be gifted with a sort of intrinsic literariness. Bookier or no Bookier, they will, in the end, survive.

—ALBERTO MANGUEL



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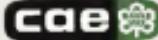
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A WORLD OF CANADIAN TECHNOLOGY.

Lincoln's terrible ordeal

FREEDOM
By William Safire
(Grosset & Dunlap, 422 pages, \$25)

Fascination with the slain Lincoln audience past Civil War history once portrayed as a saint, and now that Gore Vidal has written a portrait of the Illinois politician as hardened, sharp-edged man of power in his 1994 nov-

el *Freedoms*, now, *New York Times* columnist William Safire has entered the 2,129-page novel that only covers the first two pages of the American Civil War. Safire has managed to write both an interesting book and a bad novel. *Freedoms* is an intelligent work about large ideas.

He uses the Civil War backdrop to illuminate three of the most pro-

found political questions. He examines whether a state should form to compel its citizens to respect territorial integrity, whether a state is entitled to take using liberty to preserve democracy and whether a disuniting culture inevitably leads to a separate state. Safire views such issues abstractly—as one of his characters says, “The idea of majority rule alone neither an undesirable notion, fight a war about”—as they are as real as today’s newspaper. Indeed, Canadians may find Safire’s account of the Civil War engrossing: the 1860 Quebec referendum confronted some of the same issues as those raised in *Freedoms*.

Safire brilliantly frames these themes in a single chapter describing a fateful meeting between Lincoln and Senator John Cabell Breckinridge, a former vice-president who eventually joined the Confederacy. The author has Breckinridge arguing that “so majority can long rule over a better minority and remain a democracy.” Many Canadians in the 1970s held a similar view: Quebecers voted to separate voluntarily, few wanted to use force to maintain the Canadian state.

As such, Canadians debating the proper limits of the Canadian Security Intelligence Service can consider what Safire says was Lincoln’s assumption—that “a government could not be so clever about the rights of its citizens that it lost the power to maintain its existence. And so, as Confederates continue to claim the merits of a distinct society, Breckinridge views that society’s people as distinct from their brethren, they deserve a distinct national identity as well” as bushy relatable.

The perplexing question is why Safire chose to make such arguments in the form of a novel. His characters make speeches instead of conversation, and the printed figures of Lincoln is especially wooden. The author even makes the customary 19th-century bow to wit by describing a scene in which a Washington hostess, dressed in black, speaks the bottom of a radical Republican. But that scarcely furthers knowledge of the Emancipation Proclamation.

Above all, he has indulged himself with the book’s length. Safire writes one of the brightest newspaper columns in journalism, but that is no reason to inflict essays on the book-buying public. To put it mildly, a Tolstoy he is not. The Gettysburg Address, Lincoln was able to distill the essence of the democratic spirit in only 265 words. The great president obviously had no need of an editor. The same cannot be said for Safire.



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—THOMAS R. KENYON

Village of the damned

HEARTBREAKS ALONG THE ROAD
By Bruce Carrier
Translated by Sheila Frenchman
(Anansi, 183 pages, \$19.95)

Roth Carrier's ninth novel, *Heartbreaks Along the Road*, will surprise readers of his earlier works. The author is known mainly for humorous depictions of Quebec life in both adult novels, such as *Le Guerre, le Sex et les enfants du ciel*, and children's stories. *The Monkey Teacher*. His latest book, originally published in French as *Le Guerre, le Sex et les enfants du ciel* in 1984—and skilfully translated into English by Sheila Frenchman—is an aesthetic exercise in *le d'Amour*. Quebec society, permeated by corruption. But without a bit of satirical content, the work is simply�awful.

As the novel opens, Le Chef, premier of Quebec and boss of the Right Party, calls an election and establishes the narrative's fantastical tone. "We have a raspberry season, we have a blueberry season," he declares. "Before the apple season, we'll have an election season. The papal class is in bloom." The premier—based on Maurice Duplessis, who was also known as Le Chef and ruled Quebec for 19 years between 1936 and 1959—plans to build a highway through the rural town of Saint-François-du-Bois in order to harvest vines and reinforce his popular support. The highway, and the状tawards and new relationships it creates—he comes the book's central image.

The road is loosely structured as a series of vignettes, but Carrier fails to interpret the story with any genuine tension. It is clear from the outset that the road will be built and that Le Chef will win the election. Many people simply jump aboard the patronage bandwagon. Among them are Miss Verrochio, an Italian-born road builder, and his beautiful wife, Lucia, who trades her body to the inhabitants of roads and bridges to obtain a highway contract for her husband.

Those who try to oppose the highway are usually defeated. Innocent however, an ex-socialist and Verrochio's assistant, seduces Lucia before setting off the dynamite that blows up the Verrochio in their Caillie, Saguenay, a Quebec City newspaper office,

plan to expose Le Chef in an article entitled "Terrorism." Blackballed by one of the premier's henchmen, Beauregard kills the man—and himself.

In that tragicomic panorama, men keep the story moving, while women wait around to satisfy their needs. The most free-spirited female, Graciante, offers herself to innocent and not-such-anywhere else, telling each, "I want to be a pleasant memory for you." She is no less a cartoon figure than Aristide Tangue, an old woman who commits suicide with her



Carrier: satiricocry over my shoulder, my dear.

husband rather than watch the highway destroy their farm—although she would rather move to Florida.

The progression of life along the road ends ultimately in death for most of the major characters. Carrier handles this material with neither predictable black humor, dependent largely on road reversals. He concludes the book with a drug run on the new highway—but, the competition ends in a tragic crash with the death of the mursa. Unfortunately, the road is both contrived and predictable, a banal gesture on Carrier's part that fails flat.

Carrier's deviousness is the novel's main strength and weakness. But his bleak vision is a concerning, partly because Le Chef remains only a vague, malevolent presence. The author implies that all human endeavor is doomed to failure, which makes the

characters in *Heartbreaks Along the Road* more pitiable than tragic—they never had a chance. Two others, both Carrier and Le Chef have stacked the deck.

—RICHARD TELERY

Roth Carrier's father revered Quebec Premier Maurice "Le Chef" Duplessis in the writer's native village of Ste-Justine-de-Deschênes, 90 km southeast of Quebec City. Duplessis loomed large as a creator of roads and other amenities—and as a symbol of French-Canadian pride. Said the 80-year-old author: "During Duplessis's time, Quebecers had a feeling of standing together, of being taken care of by someone powerful. He was a security for many Quebecers." Only after Carrier left Ste-Justine to attend the Collège St-Louis in Rimouski, N.B., and later the Université de Montréal, did he begin to understand that Le Chef's 20-year reign was maddled with corruption. The Duplessis era—and its contradictions—became an important reference point for the writer. Said Carrier: "It was my first experience with power, with authority, with domineering and with corruption. So that time became my alphabet, my base."

Carrier's personal voyage parallels his literary's emergence from the twin yokes of Duplessis's rule and of underdevelopment in the 1930s. The only one in his highbrow class to attend university, he eventually won a doctorate at the Sorbonne in Paris. He now teaches at the Collège Royal de St-Jean and lives in nearby Montreal. But in most of his poems, plays and fictional works, Carrier has returned to the rural setting of his youth. And he says that he is not immune to a nostalgia of that sort. "I have enjoyed everything I could write this book," he added, "and I think the best I could do at this moment."

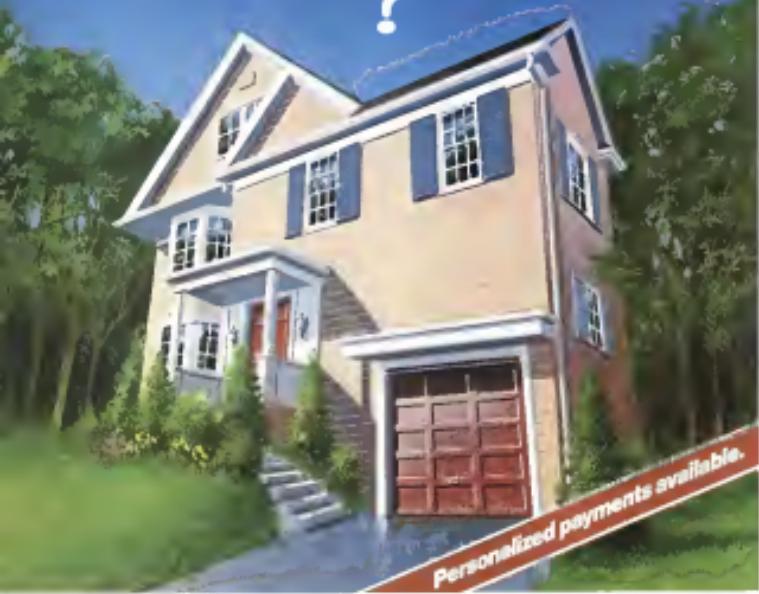
But writing the lengthy novel was a complex process, he said. "It was like being the mayor of a city; there were a lot of people to accommodate, to move around through time and places." Meanwhile, one figure played a prominent role in his imagination—Carrier's father, an amateur spanner of tales. "Sense of the anecdotes and small details come from him," said Carrier. "He liked good stories, and I believe he would have enjoyed the book."

Since completing *Heartbreaks*, Carrier has published two travel books and some short stories. Meanwhile, he contemplates a possible entry into federal politics—although he will not say on whose side. But already Carrier has established himself as one of Quebec's leading literary ambassadors.

—PATRICIA BURCH with BRUCE WALLACE

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Toronto's Harbourfront complaints that a wall of highrises will block access and obtrude the view

CITIES

Warring factions on the waterfront

Two hundred local dignitaries, politicians and civil servants attended the lunch celebration at a Tuscan waterfront cafe in early October. nibbling on jumbo shrimp and asparagus spears, they tapped their toes to the beat of a rousing jazz band. The occasion was an award ceremony at Harbourfront, a controversial federally controlled project involving the redevelopment of 16 acres of derelict waterfront property. Officials of The Waterfront Corporation, private Washington, D.C.-based organization dedicated to fostering development elsewhere in North America, had come to town to cite Toronto Harbourfront Corp. for achievements in staging cultural and recreational programs. But federal Parks Works Minister Stewart Melaney stole the spotlight. In an eagerly awaited announcement, he said that the plan for finishing development of the Harbourfront site would have to be reduced to increase parkland and open space, and reduce the density of proposed structures.

But Melaney also announced approval of three new building projects in the heart of the development. Six months earlier Ottawa had imposed a freeze on all new Harbourfront construction and ordered an internal review of the operations of Harbourfront Corp., a Crown company. It did so in response to numerous citizens' complaints that the city

was allowing the complex to become a wall of highrises blocking easy access to the waterfront and eliminating the view of Lake Ontario from downtown. Indeed, the future of Harbourfront was emerging as a major civic issue. Since 1984 five highrise apartment buildings have risen on the waterfront, in an area that once had 200 storefronts believed to be developed as part of the

In his Oct. 5 statement—conveying Ottawa's approval of a scaled-down project—Melaney said that if agencies are not able to negotiate smaller versions of the four stalled condominium buildings before Ottawa's year-end deadline, those developers might sue or withdraw from Harbourfront. According to Dr. Miss, that departure could deprive the agency of \$30 million worth of revenue from development fees and land leasing rights. Declared Dr. Miss: "If we are not successful, we could lose our skins."

Clearly, the federal statement means that Harbourfront will remain at the centre of the controversy that has dogged the project from its inception in 1972. Then, several Toronto members of Prime Minister Pierre Trudeau's cabinet announced in the heat of a federal election campaign that Ottawa

announcements angered—and puzzled—some of those present. Declared Alderman Dale Martin, a leading advocate of scaling down the project, which is as far as was: "I wanted to hear that no more buildings will be built. What we get though was 'we will build'."

For Dr. Miss, Harbourfront chairman Georges Di Missi said that if agencies officials are not able to negotiate smaller versions of the four stalled condominium buildings before Ottawa's year-end deadline, those developers might sue or withdraw from Harbourfront. According to Dr. Miss, that departure could deprive the agency of \$30 million worth of revenue from development fees and land leasing rights. Declared Dr. Miss: "If we are not successful, we could lose our skins."

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Dr. Miss: revenue loss



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would nominate residents' industrial waterfront property in order to allow city planners to develop waterfront parks and Walks almost \$150 million in federal funding. Harbourfront Corp. was formed in 1978 and given the mandate to create parks, build subsidized housing and support cultural activities such as art exhibits.

Since then, the redevelopment of the 1.6-kilometre waterfront has produced a bustling area with a hotel, restaurants and bars—and fashionable condominiums and shopping areas in converted industrial buildings. Regularly hosting a wide array of events ranging from poetry readings and open-air concerts to a children's activity centre, Harbourfront has become one of Toronto's most popular attractions for residents and tourists alike—drawing 3.4 million visitors last year. But Martin and other critics say that with more than half of the redevelopment completed, there is little added local housing and only 17 per cent of public art in the entire project. Their protests intensified last year with the construction of three 18-storey apartment towers. Those buildings quickly generated criticism for their size and unsightly appearance, and they became the centre of allegations that agency officials had concealed sweetheart deals with some developers.

But McInnes noted that the review of the Crown agency's management processes—conducted by the Toronto-based chartered accounting firm Arthur Andersen & Co.—found no signs of corruption. Concluded the report, "There was no evidence of wrongdoing by directors, officers, employees, agents or advisors to Harbourfront in any project, which we reviewed." At the same time, that review noted that a federal requirement that Harbourfront be self-financing by 1997 had forced agency officials to pursue an aggressive building leases policy. Now, and McInnes, Harbourfront will have less development and more open spaces. Declining the caption, "We strive to ensure that there is access for the people of Toronto to go to the waterfront."

In order to do so, Ottawa is prepared to end ownership of a seven-metre-wide strip of waterfront to the City of Toronto for a proposed walkway. But area residents and agency officials may still clash over the design and use of the narrow promenade. Harbourfront representatives say that they would like the city to lease the strip back to the Crown agency—which could then rent space on the strip to nearby restaurants and boutiques. Clearly, with more than half the site developed, Harbourfront is showing no signs of losing its ability to generate controversy in Toronto.

—MAURICE LEWIN with
SHELDY ALBRECHT in Toronto

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JUSTICE



Dr. Johnstone questions about child witnesses and her clients' cases

'We just want the truth'

Last November, Montreal Urban Community (MUC) police laid 250 charges against 16 people following an investigation into allegations of sexual abuse at a government group home for problem children in the city's east end. But none of the accused ever went to trial. (There's a lack of evidence, Quebec police department officials ordered the last of the charges dropped Sept. 1.) But that decision has sparked an outcry from social workers and youth protection officials. Now, Quebec Justice Minister Robert Marc has promised an inquiry into the circumstances surrounding the case. Said Michel Clair, executive director of a Montreal-based association for group homes and shelters across the province and one of the people who demanded the inquiry: "We don't want a witch-hunt. We just want the truth."

The case has raised disturbing questions about how child witnesses are treated in sexual abuse cases. Crown prosecutors said that the charges were dropped because victims gave contradictory and inconsistent testimony during preliminary hearings. But the

chief administrator of the 15 provincially run group homes in Montreal, whose names must be withheld by law to avoid exposing the children's identity, says that he blames the unusual practice system for the Crown's inability to prosecute the case. Said the official, who alerted police to his suspicions about the staff's behavior: "I thought it was absurd."

"The system is designed by adults for adults. When you use the same techniques of cross-examination on 10-year-olds, their natural reaction is to change their story or to not answer at all." Meanwhile, new federal legislation designed to promote more sensitivity to child witnesses on the part of the courts—and which may have affected the initial outcome of this case—has been passed but will not come into effect until early next year.

Concerned by what the chief administrator described as "treating minors" in the group home, staff interviewed eight children living there and social workers talked to 129 others who had stayed there during the previous five years. Most of the children involved were between 8 and 12



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when the alleged incidents occurred, and some had been placed in the home as wards of the state after being sexually abused in their own homes. Said the chief administrator: "Most of the stories were of group sexual encounters as well as individual meetings." The children did not report the incidents sooner, he said, because "there were so many people involved, they had nobody to trust."

Other social services officials have said that they are especially concerned about the case because some of the victims had been taken into care after being sexually and physically abused. Said the chief administrator, Clair: "We're talking about kids who are particularly vulnerable, abused children, kids who can't stay with a foster family and unadjusted children who are next to us for protection. They shouldn't have to go through this again." Added Barbara Johnson of the Montreal Youth Protection Service: "These children, in particular, are very prone to people with strange fantasies."

Prosecutors said that the children's accounts of the alleged abuses during the closed preliminary hearings were contradictory. But Johnson claims that young children often minimize their abuse because they are frightened or have suppressed their memories of traumatic events—and that prosecutors did not allow for these factors. Said Johnson: "Sexual abuse is very much like rape—the victim is treated as a perpetrator. Of course the children were scared."

The Montreal case may be remembered as one of the last in which social workers and children's rights advocates were decrying fees in dropping charges. Under the new federal legislation, the rule requiring corroborations of evidence from children would be repealed. Also, children would be allowed to testify on videotape outside the courtroom—an important departure from existing practices that require the accused to be present.

Still, the Quebec government promised an inquiry only after a determined campaign for it by social service agencies. And many officials say that despite the high number of charges, the case has not yet aroused widespread public anger because the alleged crimes occurred outside of the ministry's educational and day care agencies. Said Michel Clair: "We don't exactly have the same impact as 30 parents protesting outside the minister's office." But Clair and his colleagues now say that they hope the government inquiry will help to clear up a problem that the justice system left unresolved.

—LISA VAN BUREN in Montreal

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Nature against cancer

Each year doctors diagnose about 180,000 new cases of cancer in Canada and 965,000 in the United States. As the search for cures and better forms of treatment continue, cancer experts are increasingly stressing the need for better methods of prevention. In addition to the article, careful attempts to diet and avoid cancer-related agents such as tobacco and radiation, the new researchers are conducting the first systematic experiments in a new phase of the war on cancer: chemoprevention, or using naturally occurring nutrients to prevent the development of malignancies. The studies, most of which are being funded by the National Cancer Institute in Bethesda, Md., involve thousands of people in certain high-risk categories in the United States, China, Finland and Tasmania. The trials are only in the first stage, but Dr. John Berrigan of the Cancer Research Center of the University of Hawaii in Honolulu assessed the studies favorably in a recent edition of the US medical journal *Cancer Research*. Con-

cluded Berrigan: "From the data we have, it is a very good start."

Dr. Peter Greenwald, director of the NCI's division of cancer prevention and control, stressed that there was still no real proof that increased consumption of nutrients prevented cancer. But he added that he and his colleagues believe

that increased doses of vitamins A, C, E and B-12, folic acid, beta-carotene, solubles and fibre contain anticancer properties. Currently, more than 20 trials of chemoprevention are under way. In one study, women who have a family history of breast cancer are on low-fat diets; in another, smokers are being given vitamin A supplements and beta-carotene.

Some researchers have questioned the safety of spending \$40 million a year on the trials, the results of which will not be available for at least two years. Dr. Lewis Kuller, chairman of epidemiology at the University of Pittsburgh Graduate School of Public Health, for one, says that in some cases the trials have not been formulated to study the highest-risk groups, such as tobacco smokers. Said Kuller: "We could go for 10 years and discover we have nothing—that we're so further ahead than we are now." Dr. Berrigan responded that estimates, arguing that researchers "have to learn to crawl before they can walk and walk before they can run"—and that the increased study of diet could help to curb the spread of a debilitating disease.

—NORA ENTWICKLED with LARRY BLACK in New York

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Forest renewal efforts are also taking place on other fronts. Through silviculture, the art and science of growing trees, the forest is being made healthier and more productive. New growth is promoted in areas that would otherwise regenerate poorly, genetically superior stock, more resistant to disease and insects, is being bred and planted; stands are thinned and spaced and, as the crop matures, protected from fire, insects and disease. Silviculture expenditures now exceed \$100 million annually, and some estimates suggest that a level of \$700 million will be required in years to come.

Forest management activities enhance the forest resource, accelerate the growth cycle, and increase the yield of wood fibre that will serve as the basis for new investment and economic growth across Canada.

These are the most visible signs of the care and commitment of industry and governments to see that the crop of tomorrow serves diverse and growing needs. Wise stewardship of the forest today will ensure that future generations of Canadians can enjoy its benefits.

This message is sponsored by Canadian pulp and paper producers to tell Canadians about their most important manufacturing industry. For more information, please write to:

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The Pulp and Paper Industry of Canada

A very political mistress

By Allan Fotheringham

The rules of the Parliamentary Press Gallery Annual Dinner in Ottawa are that each member in good standing is allowed to invite one guest—provided said guest is a member of Parliament, a royal servant or otherwise connected in some branch of the beat hell politics. A few years ago before your agent was banned from the gathering because of telling the truth about it I took as my date the premier of New Brunswick. This caused a lot of jokes, naturally, and Richard Hatfield had his usual grand time and some time during the evening was spent discussing the meaning of the No. 1 Brian Mulroney rule that "you distract the guy what bring you." He didn't even walk the floor.

Richard Hatfield makes it very hard to stick with the old journalistic rule that you should never become personal friends with a politician. While he eventually was brought down by the press, he had more personal friends among the scribblers than any other Canadian politician, past or present. Like Macleoney, who is a fellow radio geek—and now trying to kick the habit, which shouldn't be hard—Hatfield has always been a media geek.

One of the reasons is probably because we stay up so late at night, a dangerous time for any wife-type press, while the members of federal-political conferences are joined in closed sessions, fearing that their dark secrets would become hidden from the hated press, the hated press would locate, spread a horrid story in the knowledge that around midnight over a snitch in Richard's suite in the Four Seasons Hotel all the dirt would be available. He was the most tractable link in the nation, and we ranked him dry.

While all the other pretenders snarled home to their wives and reputations all sunburnt, bachelor Richard loved the company at Nata's or in Hall with Duffy and Winsor and Marjorie and Webster and all the other pricks.

Allan Fotheringham is a columnist for Southern News.

grand-stained wretched. He was a creature, a politician who was honest about his honest, and we loved him.

The premier who was in office longer—17 years—than any current premier had only Lougheed ride him for tenure as party leader; was also the most interesting bird from a personal basis. In 1959 the opposition Liberals asserted the fact that he had been out of his province for a grand total of 180 days that year. It was his closest friend, Dalton Camp, who called Richard's ungracious reply "I was elected to run New Brunswick, as

Tradition was the man, but man, during Campaigns to reluctantly acknowledge their bilingual nature, Richard plodded away at flogging the New Brunswick majority to be more pleased to the smother of the province that in French-speaking Acadia. I once heard him, during one filibuster period, deliver a 45-minute speech in a mostly Anglo area—almost all of it in Dutch French. It was a horrific experience to sit through, but he deserved the political Victoria Cross for it.

He was, of course, a resolute non-architect—a devotion that the funds of Fleet Street rewarded by naming him "Pascal Deck." That was the first of the many titles he eventually dropped from power. Backed (and by the division of Lester's press press, a younger generation of reporters went at him and accurately got him.

Of course he stayed on too long. As W.A.C. Bennett did. As Bob Rae did, and Churchill and Trudeau (and Reagan) and practically all of them—even Willie May's only son, Jimmie—know when to go before it was him there and they've been singing about it ever since. Power is a very powerful source, very hard to give up, especially when you're a boy from Hartland, N.B., its only previous claim to fame being the home of the world's most powerful man.

Hatfield started the covered bridge for the delights of Moreco and Macleoney. New Brunswick—was Canadian, viewing Trudeau—were long inundated with secret agency/admirers for his jet-set style before longevity and overuse caused turned them off.

I remember one federal-provincial conference when we all left in a crumpled car while a proud Richard stood off in a front model of his celebrated Edsel-like deep Breitling sports car. A mile down the road, the car had broken down, and as we hasted out the windows in glee, he looked up—well-bred but sniffling. He could laugh at himself! Few other politicians in this country could or can.

He breaks all the rules, but he was a friend and we will miss him.



one said I had to live here." He adored New York, worshipped Montreal, had to visit Quebec and wouldn't let the tart as an addition appreciated at the end. Baden-Baden on the side of der Black Forest.

He was so preoccupied with me that I could for the compunction time the story of how he had accidentally baked his cat on a dark and stormy night, the bedraggled thing popping up on the oven door, which then snapped shut. That story is not really true, as I mentioned, obviously not eager to provide details. The myth actually grew, he confided, over a childhood incident when he from his pet rabbit, putting it in the deep freeze to distribute it over some miscalculations and then forgetting about it. "Richard," I suggested, "stick with the cat story."

For all the fun and games, despite the little power his underhanded policies had at the council tables, he was a very useful player in some crucial years, a factor too easily dismissed. While Pierre

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Once and for all, let's bury some myths about your money.



Myth No. 1: "I'll never be rich." The truth is most Canadians have money—but no money plan. Suppose you earned \$30,000 a year and saved just one-tenth of it each year starting at age 35. With compound interest, and tax shelters, you could retire at age 60 with over \$360,000.

Myth No. 2: "When I retire, I won't need a big monthly income." True, the children are grown, the mortgage paid. But according to Statistics Canada, the cost of living from 1979 to 1985 more than doubled. So if your monthly income isn't rising, your lifestyle is failing.

Myth No. 3: "I need a lot of money to start investing." If \$300 a month sounds affordable, read on.

Myth No. 4: "If inflation doesn't get me, taxes will." Wrong. Today there are more tax breaks and tax incentives for the small investor than ever before.

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